Austria Sch22 Bahvala Din0.559 Beighum BFr48 Canada CS1.00 Cyprus C60.90 Deswart BKr10.00 Egypt E52.25 Kowale Fils.500 Egypt E52.25 Kowale Fils.500 Egypt B62.25 Kowale Fils.500 Egypt B70.00 Egypt B62.25 Kowale Fils.500 E62.25 Ko

FINANCIALTIMES

Thursday December 29 1988

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World News

Moscow gets tough with ethnic activists

The Soviet Supreme Court adopted new guidelines designed to crack down on ethnic activism in Armenia and Azerbaijan and on looting in the aftermath of the Armenian earthquake. In a separate move, it was reported that the authorities plan to abolish a section of the Criminal Code which bans defamation of the Soviet state. Page 2

Italian strike threat Leaders of Italy's three main trade union federations proposed a general strike in response to a package of fiscal measures, including increases in indirect tax rates on basic goods, which come into effect on January 1. Page 3

SAME SECTION SECTION

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in line teeting

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Palestinians killed Israeli troops shot dead three alleged Palestinian guerrillas trying to cross into Israel from Lebanon. Two youths were killed in clashes with security forces as residents of the occupied West Bank and Gaza Strip observed a general strike in support of the year-long Pales-

Sisters still missing The whereabouts of two young French sisters, kidnapped in Lebanon a year ago, remained a mystery two days after their captors said they had been freed.

Sudan in crisis

The second largest party in Sudan's ruling coalition left the Government as mass dem-onstrations continued and trade unions called an indefinite strike in protest against retail price rises. Page 4

Sri Lanka probe

The Sri Lankan Government announced an investigation into allegations that former Finance Minister Ronnie De Mel, who defected to the opposition in January, received unlawful payments from two British companies. Page 2

South Africa blamed Botswana blamed South Africa for a bomb explosion on Tues-day which demolished a house in a suburb of the capital, killing a 14-year-old boy and injuring his mother.

S Korea offers talks South Korean Prime Minister Kang Young-hoon proposed an unprecedented meeting with his North Korean counterpart to discuss exchanges of people and goods as a first step towards reuniting the penin-

Soviet N-test The Soviet Union carried out

an underground nuclear explo-sion at its test site in central Asia, the third such explosion

Hasegawa under fire Japanese media alleged that Justice Minister Takashi Hase gawa, appointed on Tuesday to root out political corruption, received regular political dona-tions from Recruit Cosmos, the company at the centre of a major insider dealing scan-dal. Page 2

Anti-African protest Thousands of angry Chinese demonstrated in Nanking, for the third successive day, fol-lowing weekend clashes between Chinese and African students in the city in which at least 13 people were hurt.

India-Pakistan talks Indian Prime Minister Raifv Gandhi arrives in Pakistan for talks that could result in ratification of a 1985 agreement by the two countries not to attack each other's nuclear facilities. Page 4

Second ferry sinks About 70 people were feared drowned after a river ferry sank in eastern India. The death toll in Tuesday's sepa-rate ferry disaster in Bangladesh was put at more than 200.

Chile parties say no Chile's opposition coalition rejected a meeting with the military Government under the conditions put forward by Interior Minister, Carlos Caceres, in a statement on Tues-

day night. Page 2

Business Summary

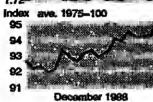
Plessey directs bid plea to shareholders

PLESSEY, UK electronics group under siege from Gen-eral Electric Company of UK and Siemens of West Germany, yesterday acknowledged that neither British Monopolies and Mergers Commission nor Europeen Commission was likely to block £1.7m (\$3.1m) bid. Its defence will instead aim to persuade shareholders that it can provide better value for money outside GEC Siemens control. Page 12

DOLLAR was firm in thin trading, as last minute window dressing before year end pro-vided a firmer undertone to market. Currency finished at

against the D-Mark (DM per \$)





DM1.7895, up from DM1.7780 and Y125.40 compared with Y124.85. Sterling index closed at 77.2 compared with 77.4 at the opening and Friday's close.

RON Brierley, New Zealand financier, has taken stakes of 5 per cent in three of France's largest department store groups: Galeries Lafay-ette, Bazar de l'Hôtel de Ville (BHV) and Nouvelles Galeries,

COPPER and zinc set new records on the London Metal Exchange. Grade A copper reached record in sterling terms when three months metal touched 21,760 (\$978) a tonne, though it was \$70 below peak in dollar terms. Three-month High Grade zinc stayed at record levels all day and ended \$12.50 a tonne up on Friday's close at \$1,568.50.

DAVID Geffen, Los Angeles-based record producer, has built up a 8.4 per cent stake in Chrysalis Group, troubled UK-based entertainment and leisure company. Page 13

BRAZIL'S black economy is roaring ahead as the formal one struggles with the continu-ing crisis — or so official fig-ures on industrial output, energy consumption and employment imply. Page 2

QUANTUM Chemical, US chemical group formed last year from rump of old National Distillers group, announced \$1.2bn financial restructuring that would result in shareholders receiving one-time cash dividend of \$50 a share. Page

YUGOSLAVIA seemed likely to enter 1969 without federal budget following failure by Prime Minister Branko Mikulic to overcome objections from some republics. Page 3

DUMKZ and GTM-Entrepose French construction groups, announced link-up that will created Europe's second largest construction conglomerate after France's Bouygues.

MANY British Eurobond houses face possible penalties from Association of International Bond Dealers over late implementation of Eurobond market's new trade matching system, known as Trax. Page

SOUTH KORRA expects current account surplus of \$14bn in 1988 - double Government's original target, and \$4hn up on 1987. Page 4

HONG KONG video-cassette manufacturers are to fight EC anti-dumping action which would impose import duties of up to 59 per cent on exports to Europe. Page 4

TATE & Lyle, UK-based sweeteners group, is to double stake in Campo Ebro, Spain's second largest producer of cereal sweeteners and starches, from 48 per cent to 96.9 per cent. Page 14

NIKKEI average rose to another new high in last trad-ing session of 1998, thanks to promising outlook for new year. Index closed 108.07 higher at 30,159.00, Page 28

Air crash probe confirms terrorist bomb in luggage

By Michael Donne, Aerospace Correspondent in London

An international operation was under way last night to trace the saboteurs responsible for Britain's worst air disaster after the Transport Department formally confirmed that a high-explosive bomb was the

cause.

All 259 passengers and crew were killed when Pan Am flight 103 from London to New York plunged into the small Scottish town of Lockerhie on Wednesday last week. Eleven local residents were killed when the Boeing 747 ploughed through houses in the town. Investigations by the Ministry of Defence's Royal Armaments Research and Development Establishment at Fort Halstead, Kent, had found Halstead, Kent, had found "conclusive evidence of a deto-nating high explosive" in two parts of the framework of a

metal ingrage pallet recovered from the wreckage, the Trans-port Department said. "The explosive's residues recovered from the debris bave been positively identified, and sistent with the use of a high-performance plastic explo-

sive. "Other evidence collected by the Air Accidents Investigation Branch, in particular that from the flight data recorder and cockpit voice recorder, and from the wreckage trail on the ground, has led to the prelimi-nary conclusion that the explosion took place soon after the aircraft had crossed the Scot-tish border whilst it was in the cruise at 31,000 feet and that led directly to its destruction. "Much investigative work remains to be done to establish the nature of the explosive

US investigators suspect that a

faulty timing device caused the

Pan American Boeing 747 to crash as it flew over Scotland. The faulty detonator is one of several theories being pur-

sued by US counter terrorism

experts. They believe the terrorists

probably intended the bomb to

explode over the ocean, when

impossible to recover.

evidence would be almost

The White House yesterday

pledged "all available resources" to work with the British authorities in a joint

effort to track down the perpe-

through the background of several international terrorists

device, what it was contained in, its location in the aircraft, and the sequence of events immediately following its deto-

nation."
The statement means police and security investigations will intensify at both Londou's Heathrow Airport and at Frankfurt to discover whether the bomb originated at Heathrow. The alternative was that the bomb was in an item of luggage on the connecting 727 let from Frankfurt and was jet from Frankfurt and was transferred to the Jumbo in

There will also be an intensification of the worldwide hunt for the terrorists who made and placed the bomb. Several groups have already claimed responsibility for the outrage, but these have mostly been dismissed. Bach one, however, is likely to be re-examined. The statement ended a week of speculation about the cause of the disaster. It had been increasingly believed that only a high-explosive bomb could have caused such a sudden catastrophe.

it will be many weeks before the full and final accident report is completed.
The Fort Halstead results will be sent to the Transport Department Air Accidents Investigation Branch to be added to all the other evidence that will help to build up the proof that sabotage brought down flight 103.

Over the next few weeks, all the wreckage recovered will be closely examined. The search both for parts of the jet and for any of the 18 crew and passen-

groups with links to Iran,

Libya and Syria in an effort to determine which may have had

the motive and capability to carry out the sabotage.

it, said one US official. He said the Federal Bureau of

Investigation and the Federal

Aviation Administration, work-

would conduct an even more

thorough ground search for

cines on the type of bomb and

idering introducing new rules for tighter security on passen-gers and baggage at airports as a result of the British discov-

ery of sabotage. US President Ronald Reagan

was informed of the British

The FAA, meanwhile, is con-

explosive used.

with British investigators

We still don't know who did

White House pledges full support

continuing.
The official confirmation that a bomb destroyed the jet will also renew MPs' requests for a full explanation from Mr Paul Channon, Transport Secretary, of why the original telephone warning of a bomb plot against a Pan Am flight in Europe, made to the US Embassy in Helsinki, was not passed on to such specialist

Embassy in Helsinki, was not passed on to such specialist organisations as Heathrow Airport itself so that its security police could be alerted and special measures taken.

Although the Finnish police earlier this week said they could find uo connectiou between the bomb threat and the crash, there will be subthe crash, there will be sub-stantial international pressure for them to re-open their inqui-

The Finns said that even if the UK investigations produced proof of a bomb, it would "in no way change the results" of their own investiga-

tions.
Mr Seppo Tittinen, head of Finland's security police, said in Helsinki that "although two cases of earlier bomb threats had similar traits to what happened in Scotland, we have found no connection between these calls and the crash" these calls and the crash". In Frankfurt, the spokesman

for the State prosecutor's office said the West German investigations were continuing "but we have nothing new to report. We have no new knowledge and no hot lead". That situa-tion could also now change. One reason for the pressure on Mr Channon for a full state-

findings early yesterday morn-ing at his Bel Air home near Los Angeles, California, where he is in the middle of a two-

US officials are examining

carefully the statement from a group calling itself the Guard-ians of the Islamic Revolution

which last week claimed

Little is known about the

group, but one official said it was first identified in 1980 when bombs exploded at an

industrial plant in Rome.
The US inquiry was temporarily sidetracked last week

after it emerged that an anony-

mous caller in Helsinki had

warned the US Embassy there of an impending attack on a Pan Am jumbo jet leaving from

week holiday.

tives yesterday for return for burial in the US.

More will be released over the next few days as relatives are given clearance to remove

ment is that substantial legal actions may now well be

launched in the US against the UK Government by lawyers acting on behalf of victim's relacting on behalf of victim's ret-atives if they believe that in any way negligence by the UK authorities in not passing on the bomb warning contributed

to the crash.

Meanwhile, the long search
for the 18 passengers and crew
still unaccounted for continued
yesterday on the hills and in
the forests in South West Scotland, with over 600 police, mountain rescue teams and troops all participating, ham-pered by poor visibility and driving rain.

Chief Superintendent Angus Kennedy, of the Dumfries police, said: "We are using every available means to recover the bodies and the wreckage as quickly as possible. However, it will take some time. The cost of this operation is not being counted at this stage. That will come later but we are using every resource

Unofficial estimates put the cost of the rescue operation at several million pounds, which is likely to be met by government funds. The bodies of several more of

the 241 crash victims already recovered from the 259 passen-gers and crew aboard the jet were released to their US rela-

them by the accident investiga tors and arrangements can be completed for their transport

Frankfurt by the Abu Nidal

terrorist group. The tip off has now been discredited as a hoax, even though it turned

out to be accurate in its fore-cast of a bomb attack.

US officials are treating seri-ously a statement issued by

the Abu Nidal group which

expressed condolences to the

tims. "Such a statement is unprecedented," said one offi-

PanAm was braced for sev-

eral lawsuits from families of

victims for failing to notify passengers of the warning in

Helsinki. Its liability is limited

under the terms of the Warsaw

Convention of 1919 and the Montreal Agreement of 1968 to

\$75,000 for each passenger.

Six US thrift funds receive \$7bn bailout

By Anatole Kaletsky in New York

US OFFICIALS yesterday completed two of the biggest financial ballouts on record as the Federal Home Loan Bank Board committed nearly \$7bn
of government-backed funds to
the rescue of six insolvent
savings and loan institutions.
Yesterday's transactions,
which were specially accelerated to beat a tax deadline set
by the Congress and which

by the Congress and which could end up enriching further two of the country's most cele-brated corporate raiders, Mr Ronald Perelman and Mr Rob-Ronald Perelman and Mr Rob-ert Bass, seemed certain to intensify the growing contro-versy over the sums of govern-ment money being put at risk in thrift industry ballouts.

In the bigger of the two deals, the FHLBB agreed to spend an estimated \$5.1bn to assist a takeover of five insol-vent Texas thrifts, by an inves-tor group led by Mr Perelman.

tor group led by Mr Perelman, who is chairman of Revion, and Mr Gerald Ford, a Dallas banker. In the other transacbanker. In the other transaction, the previously announced takeover of American S&L in California by the Robert M. Bass Group, the FHLBB estimated its final involvement at \$1.7bn, somewhat less than the \$2bn originally expected.

The FHLBB's exact commitment to any of these transactions is uncertain, because the government-backed institution effectively takes over all the

effectively takes over all the risk that the assets of a res-cued thrift will ultimately turn out to be worth even less than

Mr Danny Wall, the FHLBI chairman, said yesterday that he hoped to complete up to another 15 thrift rescues before the end of this week, in order to beat a year-end deadline on the transferability of tax benefits from past losses made by the insolvent thrifts.

The urgency with which the regulators have been complet-ing these transactions pro-voked criticism from at least one influential member of the House Banking Committee, Mr Charles Schumer of Brooklyn. "Congress has explicitly said that you can use some tax losses to get sick institutions off the ground, but if you are passing tax breaks up to a holding company, Congress

will come down hard on you.

A further aspect of tha recent rescues which has provoked disquist is the discrepancy between the amounts of public and private money involved Officials pointed out that three of the thrifts involved, Gibraltar Savings of Houston,

First Texas Savings of Dallas and Montfort Savings of Dallas, were among the sickest of the many insolvent mortgage banks in Texas.

The FHLBB has put at around \$50bn the ultimate cost

of rescuing all the insolvent US thrift instituions. However, a Treasury Department study has put the cost at \$75bn to \$85bn, with a further \$15bn for every one percentage point rise in short-term interest rates.

Dollar rises sharply despite intervention

By Peter Norman, Economics Correspondent, in London

THE DOLLAR celebrated the end of London's extended Christmas break with a sur-Christmas break with 8 surprise show of strength prompted by unexpected corporate demand in thin trading the FT Ordinary index gained 10.9 to 1,447.1.

Analysts in both London and Vork said vesterday's cur-

The US currency shrugged off early dollar sales by the West German Bundesbank to gain 1.35 pfennigs against the D.Mark by the end of London trading. The dollar rose about helf a Japanese yen in London, while sterling lost around 1 US cent by the close compared with last Friday's levels.

The dollar's strength in Lon-The dollar's strength in Lon-don boosted the shares of com-

Glaxo with large US export markets. The FT-SE 100 Share index closed at its high for the

rency movements were exaggerated in the absence of nor-mal trading volumes between Christmas and new year and did not therefore provide a guide to future trends. While companies in Asia and the US triggered yesterday's advance by buying dollars to

settle accounts and square their books before the end of Continued on Page 12

EC attacks US curb on food imports and defends beef ban

By Tim Dickson in Brussels

THE European Community yesterday bitterly attacked Tuesday's decision by the US to curb almost \$100m of European food imports from Janu-

At the same time Mr Willy De Clercq, the EC's External Relations Commissioner, stoutly defended the Commu-nity's 1966 decision to ban the use of growth hormones in beef production which has led directly to the present dispute. In a statement issued in Brussels yesterday Mr De Clercq described the American measures - which among other products will hit meats, tomatoes, coffee and fruit juices – as "totally unjustified and contrary to the interna-tional trade rules laid down in

the General Agreement on Tar-iffs and Trade(Gatt)". He added: "Any country, and this includes the European Community, is entitled to take whatever measures it judges

necessary to protect the health of consumers provided this is done in a non-discriminatroy

The resolnte European response appears to dash any eleventh hour hopes of averting a potentially damaging transatismic trade war in the new year, sparked off by the impending ban on around \$100m of hormone-treated American beef. Both sides last night confirmed that no new night confirmed that no new talks had been arranged for this week, though a spokesman for the Commission pointed out that Mr De Clerco was in Brussels "and available if nec-

In Washington, the White House defended the US ban, but said the dispute would be resolved eventually. "The European Community are our allies. We are major trading partners. We have had occasional trade disputes (but) we have a framework within

which to resolve them, and there is no reason to believe this one will not be resolved as well," said White House deputy press secretary Leslye Arsht.
But there was no hint of a reconciliation before the deadline.
The EC has already threatened to counter-retaliate if the US goes ahead with its measures, though at this stage no decision on the timing or the exact terms of the action has been decided. Mr De Clercq pointed out in his statement that a "guideline list" had already been prepared by Brus-sels on the orders of EC foreign ministers but that the final go ahead had yet to be given by member states.

The likelihood is that Community ambassadors will dis-cuss tactics at their first meeting in January and that the matter will be on the agenda of the first full meeting of EC foreign ministers on January 12. Recipe for strife, Page 12

CONTENTS

Return of go-stop: traditional view of UK economy returns



Companies . Agriculture .

The UK has entered the braking phase of a go-etop" cycle with depressingly familiar features, with doubt about the British "miracle" and savage cri-tism of Mr Nigel Lawson, Chancellor of the Exchequer

ness carts importers into the UK build their hopes on statistics Technology: Tackling the daunting task of renewing sewers -Managementz Corporate identity needs make

Latin Americas Rising support for the left shakes Brazil Editorial comments Japan should look forward; Rocard holds the line ______10 EC/US food disputer Ban on hormone-treated meat imports proves a recipe for strife 12

heavy metal reverberate to design ...

Lex: Markets; US thrifts; Lee International; European Equities; Unigate 16 Intl. Capital Markets 14 Slock Markets 17,22-28 Letters _____ 11 -Well Street ____ 25-28 Editorial Comment 19 Lex 12 -London Buro-options ______ 24 Management ___ 8 Technology Financial Futures _____ 24 Money Markets _____ 24 Unit Trusts ___ __ 10 Weather ... ___ 16 Observer ___

Norman Macrae, Deputy Editor of The Economist, retires this week. after 40 years with the paper.

panies such as Jaguar and

When he began writing in 1948, he thought it unlikely the world would last as long as it has.

Readers will be glad to know he takes a more optimistic view of the next 40 years in his parting shot, "The Next Ages of Man."

That's not all. The Double Issue of The Economist tells you about brand names, embassies, young economists, famous foreigners in Britain... and God.

It's out now, £2.

Economis

OVERSEAS NEWS

US ready to order repairs on Boeing 727s

By Roderick Oram in New York

THE FEDERAL Aviation landed safely. Administration is about to order remedial repairs on 831 older Boeing 727 airliners fol-lowing the sudden fuselage rupture of one of them flying

over West Virginia on Monday. The 22-year-old Eastern Airlines aircraft made an emer-gency landing without injuries at Charleston airport.

The incident was reminiscent of a more serious accident with an ageing Boeing 737 over Hawaii in April. An 18-foot section of the 19-year-old Alcha Airlines' aircraft blew away at 24,000 feet. The sudden depressurisation sucked a member of the cabin crew to her death

The FAA ordered that some 8,000 rivets he replaced on more than 100 Boeing 737s made before 1971. Up to that date, Boeing had used a cold bonding process and flush-fitting rivets to hold fnselage panels together. Realising the technique was not durable

enough, it switched to hot-

"We are now saying it's time to fix design weaknesses rather than continue to inspect for flaws. It is a fundamental shift in our way of operating," a senior FAA official said in late October when the agency ordered repairs to Boeing 737s. Mr Anthony Broderick, associate administrator of the FAA,

also said at the time that "this is the first major action in what is expected to be a series dealing with all types of aging airliners".

Although 291 Boeing 737s were made by the cold bonding process, the FAA rule applies only to the 100 or so aircraft operated by US airlines. It does not have the force of law for foreign operators. Boeing is not alone with the headache. Air-craft made by other manufac-turers have also suffered from

ageing problems.
Under the 737 refit at a total cost of some \$8m, the rivets, only a small fraction of those in the total fuselage, are being replaced with button-head riv-

sion made them liable to cause cracks in the aircraft's skin after repeated expansion and contraction of the fuselage. The aircraft cahin flexas

slightly as it is pressurised and depressurised during flights.
The FAA said yesterday it was already considering applying tha rule to pre-1971 727 aircraft because they ambodied the component of the construction to the constr the same construction technique. Following Monday's incident, the agency was "very close" to issuing a notice of proposed rule making which would be followed after a short period of public comment by an airworthiness directive. Boeing and tha National Transportation Safety Board

ting the cause of the rapture on Monday. A 5-inch (12.7 centimeter) crack had been found on the fuselage in an inspection in July 1986, although the plane had been cleared to fly in an

inspection as recently as Sep-tember, Federal Aviation Administration officials said. On orders from Eastern, mechanics spent Monday night and Tuesday inspecting 17 of the airline's 100-series 727s and 28 of the 200-series model, for a plane to develop cracks like those on the 727.

which revealed a fusalage crack in a jet in "roughly the same area". An airline spokes-man said. An FAA spokes-woman said it was not unusual

Growing problem of the geriatric jets

Michael Donne looks at aircraft called into question because of their age

HE EMERGENCY landing of an Eastern Air Lines' 22-year-old Boe-ing 727 at Charleston, West Virginia, on Monday after part of the rear fuselage tore open during flight has highlighted again the growing problem of the "geriatrie jets" - aircraft whosa structural integrity begins to be called into ques-tion simply because of their

Determining at just what point any airliner becomes unsafe to fly is difficult. Through stringent tests in the design and development phase, a "fatigue life" of many thou-sands of hours of flying, or "cycles" (one take-off and landing is one cycle) is established for any new aircraft type before an airworthiness certifi-

cate is awarded.

Constant monitoring follows, and modifications may be ordered by manufacturers or regulatory agencies, or both, to ensure that the aircraft remains safe. After Monday's incident, the replacement of some rivets in over 800 Boeing 727s still in the US fleet is expected to be ordered soon by the Federal Aviation Adminis-

Much also depends how an individual airline looks after its aircraft. Some aircraft regularly fly in worse climatic conditions than others, while some perform many more take-offs and landings than others and may therefore require more

Boeing, the world's biggest manufacturer of jet airliners, has estimated that over 3,500 of the 7,424 jet airliners in service are more than 12 years old. Of those, just over 1,000 are between 12 and 16 years old, about 1,500 are 16-20 years old, and just nuder 1,000 are between 20 and 29 years old. Most of the oldest are short-to-medium-range jets, such as Boeing 727s (which first suggests that \$100bn will be for aircraft to replace existing age-lives than their predecessors, reflecting the fact that over the

Jet Fleet Unit Distribution by Age >16-20 Single Alsle (Out Prod) > 12-16 7,424 Twin Aisle 1,494 >0-4 Single Aisle (in Prod) Single-aisle aircraft Single-aisle aircraft out of production still in production Twin-alsle aircraft out of production such as 747s (incl. early Series 100s new out of production); Douglas DC-10s and Incl : Later Boeing 737s; Drugins MD-80s; British Aerospace 148s incl : Boeing 727s,early 737s

when production ended), early models of the 737 (which entered service in 1967 and is still in production with 2,267 ordered to date), early McDon-nell Douglas DC-9s, and British Aircraft Corporation One-Elev-

The total also includes some Boeing 707 and Douglas DC-8 four-engined long-range jets, which first entered service in the late 1950s. The earliest Boe-ing 747s - the type of aircraft involved in the Lockerbie air disaster – entered service only in early 1970, and are therefore still youthful in comparison. Boeing itself regards the

retirement age for those early-model jets as being after 22-24 years of service. Thus many, especially the 727s, are now falling due for replacement. This accounts for the fact that in its own forecasts of total spending of \$414bn (£230m) on new jets between now and the year 2005, Boeing suggests that \$100bn will be for

volume of outstanding orders awaiting delivery). The retirement of these older short-to-medium-range jet air-liners is already accelerating, as evidenced by the big inflow of new orders during the past year for new versions of the

For the 120-seater older 727s and 737s, the retirement rate is expected to reach a peak in the early 1990s, and tail off as they are progressively replaced with more modern equipment.

Boeing 737 and Douglas MD-80

short-to-medium-range jets and for the latest Series 400 model

For the longer-range aircraft, such as 747 Jumbos, the retirement peak for the early Series 100 models will be a little later, towards the mid-1990s, reflecting the fact that those aircraft have not yet reached the 22-24 years-of-age retirement deadline. ment deadline.

According to Boeing, today's aircraft are in any case safer

manufacture of pressurisad structures and about structural

It says, for example, that It says, for example, that derivative models such as the 727-200 and the 737-300 have an in-service life-expectancy of between 25 and 30 years, while the latest advanced technology jets such as the 737-300,400 and 500 Series and the 747-400 have a life expectancy of between 28 to 32 years.

a life expectancy of between 28 to 32 years.
Ultimately, it is recognised that the safety of any aircraft rests on how well it is looked after by the atrline involved.
This was stressed earlier this year when Mr Ben A. Cosprove, vice-president engineer. year when Mr Ben A. Cosgrove, vice-president, engineering, for Boeing Commercial
Airplanes, told US Senate hearings on the safety of jet airliners that safety rested upon a
"troika" of organisations - the
manufacturer, the airline and
the safety regulatory authorities, such as the Federal Aviation Administration in the US
and the Civil Aviation Authority in the UK.

ity in the UK.
All three were the "critical partners to keeping aircraft safe." Boeing itself was continually extending its knowledge of older aircraft, updating the structural inspection programmes required on all its models, while improving its production tochniques to production techniques to improve the serviceability of its aircraft, especially in areas where higher than normal damage rates had been noted.

Mr Cosgrove stressed that the manufacturer had the hasic

knowledge from test, analysis and previous fleet experience on where to look for structural damage, so that competent inspections by the airlines, reg-ulated by the safety authori-ties, could detect fatigue cracking or other problems and keep the aircraft safe.

Boeing itself based all its designs on loads which would normally never be experienced in an aircraft's lifetime, and

example, a Boeing pressure structure is designed for a minstructure is designed for a min-imum of 17.2 lbs per square inch, when the maximum ever expected is 8.6 pounds per square inch. It therefore follows that commercial aircraft structures can withatand a large degree of damage and still be airworthy," said Mr

The maintenance and inspection programmes set np between the airline and the manufacturer and monitored by the FAA, resulted from past fleet experience and what was known about similar design details (of aircraft) operating in similar environments.

Where problems were uncovered which either the manufac turer or the regulator considered important for all operators of the type to know about and correct, service hul-letins were issued by either or hoth thosa organisations, requiring action in varying degrees of urgency. These ran from the immediately mandatory, down to those to be car-ried out within a given number of flying hours or as soon as operationally practicable.

The Boeing view was that this system, now widely adopted throughout the world, had shown time after time that it could uncover damage to an aircraft long before it became a hazard to safe flight.

But Mr Cosgrova stressed that it was essential for all three parties - airlines, manufacturer and regulator - to function in concert with each other. This is a closed-loop system which requires all par-ticipants to provide feed-back-so timely corrective action can

"Laxity on any part of the troika can lead to a reduction in safety," said Mr Cosgrove. "I Boeing 727s (which first ing fleets (with \$242bn on air-reflecting the fact that over the entered service in 1963, with 1,831 being huilt up to 1984 and some \$72bn for the current learnt about the design and margin for safety. "As an know of a better one."

employment. A major factor behind this

growth comes from require-ments in the new Constitution giving substantial improve-ments in workers' rights in

such areas as working hours, overtime and maternity leave. Those outside the official econ-omy fail to benefit from these

Fiscal incentives also play their part. Very small compa-

nies with sales of under \$5,000

inflation or profits, suggesting that economic illiteracy is rampant among the young. "What economics education should be about is teaching workers entering official

simple concepts such as how wealth is created, how simple markets work, how prices are determined and why so many countries including our own are finding that incentives do indeed work," Mr Volcker

Vietnam takes

tion to delete condemnation of France, Japan, the US and China by name, Reuter reports China by name, reduct reports from Bangkok.

The revised preamble was adopted by the country's National Assembly last week.

a year are exempt from all taxes, thereby ancouraging under-reporting of earnings.

While growth in the black economy is bad news for the national Treasury, currectly struggling to contain the public sector deficit, it at least means that Brazil's economic performance is almost cerperformance is almost cer-tainly substantially higher than the official figures sug-Asian countries' growth 'to slow' DEVELOPING countries in Asia and the Pacific will conmore than 25 per cent could be added to an official national Gross Domastic Product of some \$300bn for an accurate picture of real output.

Latest estimates calculate

> Aborigine report urges legal changes

reports from Sydney.

The preliminary report calls for widespread changes in Australia's legal, police, prison and medical systems to tackle the problem and warns thet a failure to institute such changes would damage Aus-

US to raise spending on plant in 1989

US BUSINESS plans to spend 5.9 per cent more on plant and equipment in 1989 than in the current year, the US Depart-ment of Commerce said yesterday, writes Anthony Harris in Washington.

The 1988 increase is now estimated at 10.8 per cent (against announced plans of 11.6 per cent), the biggest rise since the boom year of 1984. There was a fall of just under 2 per cent in spending between 1985 and 1987.

While this means that

While this means that investment growth will far outpace the growth of the whole economy for the second successive year, spending has topped out in a number of sectors, and the planned growth rate is unlikely to put any strong pressure on the capital goods industries.

The growth in spending on plant by manufacturers is expected to fall to 3.5 per cent next year, compared with 12.7 per cent in 1983. This is partly the result of planned cuts in spending in the aircraft, mechanical engineering and glass industries. The strongest growth remains in industries which have been suffering which have been suffering strained capacity for the last two years – notably paper, chemicals and steel.

Canadian Senate approves trade bill

THE LIBERAL majority in the Canadian Senate yesterday abstained from voting to allow a second reading implementing the US-Canadian free trade legislation, writes Robert Gibens in Montreal.

This means the bill is approved in principle and will be passed in full this week to meet the January 1 deadline. It has already moved into the committee stage and third reading and Royal assent are expected on Friday.

Mr Brian Mulroney, the Prime Minister, has called a private meeting of provincial premiers early in the new year to discuss the status of the Meech Lake constitutional

Volcker attacks economic teaching

THERE should be an increased level of basic economic educa-tion at the primary and sec-ondary school levels, accord-ing to Mr Paul Volcker, former chairman of the Federal Reserve Board, AP-DJ reports from New York.

Mr Volcker told a meeting sponsored by the Joint Council on Economic Education, a non-profit, nationwide coalition aimed at promoting eco-nomics instruction, that the current level of economic education in the US was inadequate.

A survey found that only one-third of America's high school students were able to define simple concepts such as

nothing of It." After taking

softer line

IN an effort to repair fraved international relations, Vlat-nam has amended its constitu-

Asia and the Pacific Will continue strong economic growth next year, but with the rate slowed to 6.5 per cent from this year's average 8 per cent, a UN official said yesterday, AP reports from Bangkok. Brazil's inflation rate for December at about 28.5 per

A GOVERNMENT report seeking to stem a rash of Aborigine deaths in police custody
urged yesterday that drunkenness be abolished as an offence
and white police officers suspected of racism be replaced
by Aboriginal recruits, AP
reports from Sydney.

tralia's reputation abroad.

It was issued by Mr James Muirhead, a lawyer appointed last year by Mr Bob Hawke, Prime Minister, as head of a Royal Commission formed to investigate the deaths of 44 Aborigines in police custody since 1980.

Moscow plans legal crackdown on activists

By Our Foreign Staff

separate TWO announcements yesterday, the Soviet Union's legal authorities outlined plans to crack down on one group of troublesome activists while giving greater freedom to another.

The legal crackdown is directed at the rights of Armenians and Azerbaijanis who are stirring up ethnic feelings in the USSR's southern repub-

The Soviet news agency Tass reported yesterday that a recent plenary session of the Supreme Court had agreed a definition of charges that may be brought under a least assinct be brought under a law against whipping up ethnic tensions. The definitions are intended to

The definitions are intended to help regional prosecutors decide when to prosecute. President Mikhail Gorbachev and other top officials have bitterly criticized both Azerbaijani and Armenian activists for continuing to raise their mutual dispute over the Nagorno-Karabakh enclave, despite the devastating earthquake that struck Northern Armenia earlier in the month. earlier in the month.

In recent weeks, the Soviet anthorities have arrested an undetermined number of figures from both nationalities, including leading members of the "Karabakh Committee", an Armenian group organizing the effort to annexa the

enclave from Azerbaijan.

The Supreme Court said that that spreading of "ill-intentioned rumours" with the goal of "undermining trust and respect for another national-ity" should be considered. ity" should be considered a punishable offense.

The Tass report, which did not say when the Supreme

Court session was held, also reported that judicial officials had declared that crimes committed in the circumstances surrounding a natural disaster or other extreme situation should be considered an aggravated crime punishable by the

7

maximum penalty.
In an altogether different announcement, a member of the Soviet Academy of Sciences told the government paper Izvestiya that tha authorities plan to abolish a section of the Criminal Code which bans defamation of the Soviet state in oral, written or

any other form.

The law, contained in Article
190, paragraph one, was
adopted in 1966 shortly after
the infamous trial of the writers Andrei Sinyavsky and Yuly
Daniel, a case which heralded
a 20-year-long official crackdown on dissent.

down on dissent.

Article 190 was regularly applied to Soviet political dissidents and drew fire from West-ern governments and human rights groups which disliked the law's sweeping nature and its failure to stipulate an intent

its failure to stipulate an intent to subvert the stata.

Ms Sofya Kelina told Izvestiya that the authorities, in preparing draft principles for a new Criminal Code, had decided to keep a second article which has been a focus of concern in the West --Article 70, forbidding anti-Soviet agitation and propaganda. However, Ms Kelina said the article would be more narrowly interpreted than in the past, so

interpreted than in the past, so that punishabla offences would include only public calls for the violent overthrow of or changes in the state.

Minister 'received Recruit donations'

By Our Foreign Staff

JAPAN'S new Justice Minister, Mr Takashi Hasegawa, has been receiving regular political donations from the company enmeshed in a major political scandal, according to the Japanese media.

Kyodo news agency and the television network Nippon TV reported that the personal political organisation of Mr Hasegawa received some Y480,000 (£2,123) from the prop-erty company Recruit in Octo-

Other sources emphasised, however, that Mr Hasegawa had been receiving perfectly legal donations from Recruit of Y40,000 a month for the past 13 years. They began well before the company's suhsidiary, Recruit Cosmos, was found to have offered cheap shares to prominent politicians and others before a public issue, and their continuation was unconnected with the scandal. Mr Hasegawa was quoted by Kyodo as saying yesterday: "I

never heard from my secretary we had received a political donation from Recruit. I knew office on Tuesday, he said he had nothing whatever to do with Recruit. Most Japanese politicians

run a personal support associa-tion, which raises money to underwrite the costs associated with being a Diet member. It is estimated an MP's political obligations may amount to several times his parliamentary

Many are unaware of the detailed sources of their more routine funding, which is handled by aides. It is possible that the Recruit donations, if admitted, came into this category. In forming his new Cabinet this week, it had been assumed that Mr Noboru Takeshita, the Prime Minister, had rigorously

screened all candidates for any connection with the Recruit organisation.
Mr Klichi Miyazawa resigned
as Finance Minister recently after admitting receiving shares from Recruit Cosmos. Yesterday, Mr Takeshita promised priority to reforms in politicians' fund-raising meth-

Editorial comment, Page 8

Sri Lanka plans probe into De Mel allegations

THE Sri Lankan Government said yesterday it was setting up a commission to investigate allegations that former Finance Minister Ronnie De Mel had received unlawful payments from two British compa-nies, Reuter reports from Col-ombo.

also probe companies in which Mr De Mel or members of his family had any financial interests. The Government said the

allegations had come from members of the public hut declined to identify them. Mr De Mel resigned last Janter for 10 years and later defected to the opposition Sri Lankan Freedom Party.

Security Minister Lalith Athulathmudali said last week that Mr De Mel left the country after Mrs Sirima Bandaranaike, the Freedom Party candidate, lost the December 19 presidential election. The poll was won hy Prime Minister Ranasinghe Premadasa of the ruling United National Party.

Mr Athulathmudali said Mr De Mei left the country hours after the result was announced on a diplomatic passport.

Government sources said the commission would probe alle-gations that Mr De Mel had received unlawful payments from a British company involved in building a dam in Sri Lanka and another connected with a currency printing plant.



investigate if Mr De Mel had received other payments from foreign banks wishing to open offices or to continua doing business in Sri Lanka.

FINANCIAL TIMES

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Chile opposition rejects meeting with minister

By Barbara Durr in

CHILE'S opposition coalition has rejected a meeting with the military government under the conditions set by the regime.
Ar Carlos Caceres, the Interior
Minister, had agreed to talks
with the opposition but bad excluded a member of its leadership on the grounds that his party included communists.

In a statement issued late on Tuesday, the coalition said the exclusion of Mr Luis Mara, chief of the Christian Left party and president of the newly formed group, the Broad Party of the Socialist Left (PAIS), "is nothing but a pre-text to doom the meeting that

The coalition accused the Government of simply engineering a public relations stunt to appear willing to bold talks when "in reality, it has no desire to allow the constitu-tional changes that the people The talks were to deal with a

series of amendments to the 1980 constitution. These include the climination of Article 8, which outlaws any Marxist political group, full direct election of all members of Congress, a change in the constitutional amendment process, a curb on the powers of the National Security Council and abrogation of the provision to allow armed forces commanders to remain in their posts until the end of the cen-

The coalition decided to withdraw its petition for a meeting with the Minister of the Interior and instead to seed him a written statement with its proposals for constitu-

tional changes. It remains unclear whether the path to talks is definitively closed. It is expected that the Government will have to give way at some point as public pressure builds. Partles that have been allied with the Government are also demanding changes in the constitution.

Brazilian black economy roars ahead

CONFLICTING figures showing falling Brazilian industrial output yet stable employment rates and growing energy consumption indicate that the country's black econ-omy is roaring ahead as the formal one struggles with the

formal one struggles with the continuing crisis.

According to the Institute of Geography and Statistics (IBGE), the official government agency for economic data, industrial production had dropped by 2.85 per cent in October against the same period 12 months earlier.

Yet other indicators show unemployment in the formal unemployment in the formal economy has remained more or

ess constant. Moreover, in the industrial heartland of Sao Paulo, the electricity utility, Electropaulo, actually increased its output to industry by just under 6 per

The figures, published in the business daily, Gazeta Mercantil, appear to confirm growing suspicions that a substantial proportion of Brazilian production is a substantial proportion by the block of t tion is seeping into the black economy, where it avoids taxation. Higher corporate tax rates

due to come into force next month are expected to acceler-

By Ivo Dawnsy in Rio de Janeiro

BRAZIL is bracing itself for yet

another economic package, probably in the New Year, as

advisers to President José Sar-

ney battle for influence over a

strategy to combat record infla-tion. The rate of price rises is expected to exceed 28 per cent this month.

The final shape of the Sum-

mer Plan - as the media is already dubbing the pro-

gramme - is being considered at the President's holiday

home in the northern state of

It is almost certain that up-

to six ministries will be closed

down and their functions

merged with other depart-

Maranhao.



Sarney: holding talks at his holiday home

Fiesp, Sao Paulo's industrial-ists' federation, is now con-ducting a study into the scale of the clandestine economy.

The IBGE estimates that, in the major Brazilian cities, as

ments as part of a genaral administrative reform aimed at slimming the bloated civil ser-

vice. The plan also envisages

substantial sales of minority

shareholdings in state sector companies and the rooting out

of incusands of public func-tionaries who receive salaries

But the crucial factor in the

package will centre on prices, wages and the general infla-tion-indexation of the econ-

omy. Almost certainly the Gov-

ernment is now contemplating some kind of shock programme

Informed commentators

claim that the principal ideo-

to end indexation outright.

with no obligation to work.

many as 7.3m workers are now employed without heing offi-cially registered at employ-

Brazil braces for fresh economic package

ment and social security offices.
Research by the trade union study group Diesse, in conjunction with the Sao Paulo thinkgistered workers coming on to the labour market in Brazil has

tank, Seade, adds that over the past year the number of unre-

logical battle is now focusing

on the circumstances in which such a de-indexation could

take place. The more cautious

voices would like to see a nego-tiated monthly ceiling on rises

man of monetarist economics who was Finance Minister in the 1964 military government

in prices and wages agreed in the same manner as the two-month-old social pact with reported that Mr Mailson da unions and employers. The more radical exponents of market mechanisms are arguing for a dramatic shift to frea prices and wages while

ending antomatic inflation related increases.

Mr Sarney is believed to have been influenced substan-tially by Mr Octavio Gonvea de Bulhoes, Brazil's grand old of General Humberto Castelo Branco. It has also been unofficially

Nobrega, Finance Minister, has threatened to resign if any price freeze is reintroduced. Alarmed industrial leaders

have drawn attention to the Government's artificial depres-sion of public sector prices and tariffs in its efforts to keep inflation down, and are argu-ing for wholescala privatisa-tion of state sector companies

eceived

nations'

10 CO 10 CT 27

A NAME OF STREET AND ADDRESS OF THE PARTY.

OVERSEAS NEWS

some of the most pedestrian

TV programmes in Europe.

"We have had a monopoly for

more than 30 years and despite the new private stations and

our falling ratings we have not

begun to adjust" a producer at

kdown Fuel costs to iump as to jump as Poland ends rationing

By Christopher Bobinski

PETROL rationing, which has been in force in Poland since the beginning of 1982, is to be lifted at the start of the new year and there is to be a big increase in fuel costs.

The most commonly used brand of petrol is to go up in price by about 60 per cent while the cost of diesel fuel used by industrial transport and in agriculture is to rise 30

per cent.
The price rises coincide with a significant increase in the cost of domestically produced cars as well as car imports from the rest of Comecon, the Communist trading bloc.

The move means that the

authorities lose a source of influence, especially at the local level, through awarding extra fuel allocations, while the Government is also promising to end allocating cars for sale to privileged groups and individuals.

The rises aim at achieving

market equilibrium by scrap-ping fuel coupons, which have given 24 litres to owners of smaller car and 36 litres for

larger cars. At the end of 1981 there were 2.6m registered passenger cars in the country and peirol out-put that year reached 2.8m tonnes. By 1987 there were 4.2m cars and output was up to

4m tonnes.
There has been no mention of any plans to boost oil imports from the 14m tonnes a year which Poland has brought in largely from the Soviet Union throughout the 1980s.

168.5

109.7

118.8 112.7 116.0 108.4 111.1 111.8 113.1 113.1 115.4 116.3 116.4

Big spenders in West Berlin

Leslie Colitt reports on diverse destinations for taxpayers cash

ESPITE its ascetic go peaceably by next March if Prussian past, West he was paid his entire reputation as a big spender of the subsidies it receives shon.

Some 52 per cent of the city's budget of DM24m (\$13.5m) this year was provided by the West German taxpayer.

But even West Berliners, hardened by widespread local profiteering from Bonn's lar-gesse, were fascinated by recent events at the city's television and radio station, SFB.

Professor Günter Herrmann, the director of SFB, which gets nearly one quarter of its annual DM300m budget from West Germany, tendered his resignation after unreconcilable differences with the sta-tion's Governing Council, This of itself was barely

newsworthy, as clashes at SFB over the political affiliations of staff appointments are frequent. Prof Herrmann's prede cessor, Mr Lothar Loewe, and his forerunner both resigned after political rows before their

contracts expired.
Mr Loewe drew his full salary of nearly DM200,000 for the remaining two years of his con-tract. Last year SFB, which has 1,400 employees, paid DM565,563 merely in salary and pensions to three ex-directors.

At the age of 59, Mr Loewe is now entitled to a company pen-sion amounting to two-thirds of his salary. SFB is also shelling our pensions to a former editor-in-chief who quit at the age of 45 and to a programme director and two chief editors, all of whom left over differences with the approximate course. ences with the governing coun-

Prof Herrmann, following a

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of Industrial production, manufacturing output (1965 – 100); engineering orders (6 billion); retail sales volume (1980 = 100);retail sales volume (1980 = 100);registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

29.1

West Berliners could be excused for grumbling over the use of their TV and radio licence fees to give golden handshakes to SFB executives. The station's evening regional news programme, viewed by millions in East Ber-

SFB noted. One more sign that West Berlin is rolling in West Ger-man taxpayer's money is the decision by the city to go ahead with a costly expansion

The station's evening regional news programme, viewed by millions in East Berlin and East Germany, is rated as the worst of any of the quasi-public West German broadcasting corporations. It is largely because of the viewers in the East that the station gets its annual subsidy

lin and East Germany, is rated as the worst of any of the qua-si-public West German broad-

casting corporations.
Yet it is largely because of the viewers in the East, who do not pay a licence fee, that the station gets its hefty annual subsidy from West Germany's ARD, the group of First Chan-nel broadcasting stations.

Prof Herrmann, a Christian

Democrat, wanted to appoint a politically neutral journalist as a new programme director who would hreathe life into the regional news programme.

But he ran foul of a tradition

in West German broadcasting that nearly everyone, from reporters to senior editors, is chosen on the basis of membership of one of the three major SFB's problem is essentially

the same as that of the other

of the U-Bahn, one of Europe's most modern and most unde-

rused metro systems. The city is already committed to renovating a portion of the S-Bahn, an elevated urban railway, at a cost (to West Ger-many) of DM450m. But S-Bahn trains also rattle through the city nearly empty for most of

the day.

The explanation is that many Berliners are tempted into driving to work each morning by enormously wide boulevards and the relative ease of finding parking space

in the sprawling city.
Students in West Berlin, however, feel they are getting too small a share of the budget and have taken to the streets to make known their demands Tens of thousands of students at the Free University and

better study facilities and cheaper housing.
As in 1968, they also pro-

tested against attempts to re-establish the "dictatorship" of their professors. The city administration under its Christian Democrat Governing Mayor, Mr Eberhard Diepgen, who faces an election next month, came up with DM20m in stopgap aid which, however, failed to end a boycott of classes at the Free University.

One thing the students are not going to get is cheaper flats. West Berlin, which in the 1960s was called a dying city, has gained thousands of Turk-ish, East German as well as ethnic German emigrants from the Soviet Union and Poland. Some of them gave up larger flats in the East than they can afford in West Berlin where a small two-room apartment in a lower middle-class area costs

DM700. Despite the dearth of affordable flats, however, German students refuse to even consider living in student dormitories which are felt to be below their dignity and are occupied almost entirely by foreign stu-

Although spy stories are not very popular in Berlin – there very popular in Berlin - there is reputed to be more spying in Frankfurt than in the divided city - West Berlin's legislature is currently investigating charges that the city'e counter-intelligence department overstepped its bounds by spying an appreciation politicians. ing on opposition politicians The charges produced a great yawn among the four Second World War Allies in Ber-lin – the US, USSR, UK and France - whose intelligence services have automatic access

Technical University - many of whom are from West Gerwell-trodden path at the age of West German stations which 57, suggested that he too would provide their viewers with Germans come up with. many - marched to demand

YUGOSLAVIA'S Prime Minister, Mr Branko Mikulic, who is already under pressure to resign for his apparent failure to stabilise the economy, yesterday seemed unable to push through next year's bud-

During a session on the opening day of a three-day meeting of the Federal Assembly in Belgrade, the two north-ern republics of Slovenia and Croatia rejected the draft fed-eral budget on the grounds that its size was hindering economic reforms and adversely

20,000bn dinars (£2.3bn) represents 5.3 per cent of the country's Gross National Product

But because of inflation, now

running at 230 per cent per annum, next year's draft budget, in nominal terms, is already three times bigger than the 1988 budget. The federal hudget is ear-

marked for defence, the bureaucracy and subsidies for the under-developed regions of Yugoslavia, particularly the southern autonomous province of Kosovo. Acceptance of the budget

requires the consent of all the six republics and two autono-

finance it. Such an action, they say, could undermine his already fragile anthority. In addition, they say that Mr Mik-ulic will have to seek support over the next two days for his

economic policies.

This possibility seems less likely. Delo, the leading Slovenian daily, called on Mr Mikulic elther to "grapple with inflation and public expenditure or else resign".

Similar calls were echoed by Vicanik Crostical daily reper

Vjesnik, Croatia's daily paper, which said "the survival of the government would be a bigger But even if Mr Mikulic were

to resign, observers say this would do little to solve the nor indeed would a suitable successor easily be found to take on the task of reforming

> ginm, Norway, Denmark, Hol-land, West Germany, Canada, Portugal and Spain as needing to make greater contributions.

> tions. But it cautioned that "it can be misleading" to measure con-tributions against a country's annual ontput of goods and services as do US critics of European efforts.

> plex psychological relationship linking Mr Guillaume to the Chancellor, whom he plainly

saw as a form of father figure. The document hints that the

East Germans were very much

is the hottom line of the report," said Mr William Taft IV, the US Deputy Defence Sec-"We have . . . unmet security needs and we have allies who in terms of their prosper-ity can afford do more to meet

those and they should do that," Mr Taft told a news conference during which he presented a report that was signed by Mr Frank Carlucci, the US Defence Secretary, and Mr George Shultz, the US Secretary of

US urges

boost joint

allies to

defences

Mr Taft said that in many cases domestic political consid-erations had kept a number of US allies from increasing their defence spending, and he went on to praise the process of con-sultation and negotiation that he said had bolstered the security hndgets of several key

Japan and South Korea have increased their defence spend-ing, he said, and "we have also seen in Europe a halt to what had been a downward trend in the (United Kingdom) and in West Germany," he continued.

As other nations assume a greater share of the burden, he said, the United States does not plan to cut its defence spend-

ing.
Our view is, and we have been emphatic ahout this throughout the discussion, is that the United States needs to do at least as much as it is doing, that it can afford to do

what it is doing," he said, Among the 16 members of the North Atlantic Treaty Organisation, the report identified five that it said were not meeting the goal of spending 3 per cent of gross national product a year on defence: Canada, Denmark, Italy, Luxembourg

and Spain. It said Canada and Luxembourg were not meeting the Nato norm in terms of active duty and reserve military per-sonnel, and that Belgium, Denmark, Luxembourg and Norway were not meeting their force goal commitments for

The report echoed the findings of a statement issued on December 1 by Nato defence ministers that cited "signifividual national contributions."
It said several countries were allowing a decline in the percentage of money they devote to defence compared with gross domestic product. The report singled out Bel-

The Nato report said only Italy, Luxembourg, Norway and Spain had maintained or elightly increased contribu-

over tax decrees THE United States yesterday urged its allies in Europe and Asia to boost their contribu-By Alan Friedman in Milan tion to mntual defence, AP ITALY'S three major trade reports from Washington. unions yesterday threatened to "The European countries, Japan as well, can afford to invest more in their defence stage a general strike in protest at a package of govern-ment decrees which include increases in sales tax on houseprogrammes than they are doing today. They should do this, the requirement is there, the ability to pay is there. That hold items and a partial amnesty for tax evaders. The unions, supported by a large part of the country's agri-

Italian unions

threaten strike

The package, designed to supplement Italy's 1989 hudget, reduces income tax for salaried much collaboration in the past employees, allows self-em-ployed tax evaders a partial amnesty upon payment of fines our relations with the Govern-ment have reached a breaking and introduces first-time val-

ue-added tax on household goods such as bread and pasta. The three leading unions -CGIL, CISL and UIL - yesterday said they found the tax measures "contradictory and unequal" and said the situa-tion had led them to "a politi-cal break" with the Govern-

The unions have called a joint meeting on January 6 to fix a date for the general strike by the end of next month.

In one of the most angry

statements issued yesterday, Mr Ottaviano del Turco, a

the agrarian co-operatives, the measures have also been criticised as unfair by the opposition Communist Party. The party said yesterday that the adjust-ments in income tax brackets would benefit the lowest paid workers least.

The Republican Party, which is a member of the five-party coalition, has also attacked the measuree, eepecially the amnesty for self-employed professionals who have been evad-

NOTICE OF REDEMPTION To the Holders of

(Formerly Nippon Telegraph & Telephone Public Corporation)

Guaranteed Notes 1990

(the "Notes")

SERIAL NUMBERS OF NOTES CALLED FOR REDEMPTION

Morgan Guaranty Trust Company of New York in Brussels
The Bank of Tokyo, Ltd. in Landon and Paris
Industriebank von Japan (Deutschland) A.G. in Frankfurt
The Industrial Bank of Japan (Laxembourg) S.A. in Laxembourg

On and after the Redemption Date, interest on the Notes to be redeemed for this Sinking Fund will cease to accrue. The coupon for interest payable on January 31, 1989 should be detached and presented for payment in the usual manner at the aforesaid office of any of the Paying Agents.

The following Notes of NTT previously drawn for redemption on January 31, 1985, January 31, 1987 and January 31, 1988 have not yet been precented for payment:

TELEPHONE CORPORATION

1000 200 - 1000 10 Output: By market sector, consumer goods, investment goods, intermediate goods (materials and tuels); engineering output, metal manufacture, textiles, leather and clothing (1965 = 100); housing starts (000s, monthly average). 12.9 119.0 127.3 124.2 118.9 124.9 124.9 129.0 127.8 127.8 119.0 129.0 195.7 199.1 114.4 196.9 197.8 116.8 112.5 115.4 115.5 215.3 107.0 110.2 113.8 105.0 109.0 100.0 112.0 113.0 114.0 114.0 115.0 19.8 22.3 29.3 21.8 21.8 21.9 19.8 20.9 16.4 18.2 17.7 16.4 EXTERNAL TRADE-indices of export and import volume (1965=100); visible balance; current balance (Em); oil balance (Em); terms of trade (1965=100); official reserves. OH Torme trade 111.3 119.6 120.8 stans broke 44.64 45.52 50.64 42.53 44.64 47.85 48.53 48.53 48.53 50.64 50.65 81.04 -2,913 -2,754 -3,579 -1,168 -648 -1,124 -883 -2,001 -1,181 -498 -2,529 -1,613 105.5 111.1 110.5 103.6 103.6 103.6 113.3 106.9 111.5 107.8 114.8 114.8 114.9 117.2 110.1 117.8 127.4 135.8 118.9 115.7 124.9 127.2 131.9 145.3 131.2 146.1 136.4 -3,952 -4,621 -5,529 -1,635 -1,624 -1,237 -1,713 -1,572 -2,687 -1,694 -2,629 -2,813 FMARCIAL-Money supply M0, M1 and M3 (annual percentage starting lending to private sector; building societies' net inflow; cor all seasonally adjusted. Clearing Bank bess rate (end period). Sass raio % 29.5 +12.803 29.3 +15.749 29.3 +15.749 20.5 +5.503 29.9 +4.752 19.4 +5.654 18.6 +3.167 20.3 +8.192 20.8 +8.538 22.8 +8.538 22.4 +8.050 19.5 +3.878 +1,635 +1,094 +1,137 +288 +221 +428 +281 +496 +518 +321 +81 \$,051 4,173 3,162 890 1,102 1,059 1,576 1,358 1,259 1,362 1,176 1,553 756 8.50 9.50 12.40 8.58 9.00 8.50 7.50 10.50 12.00 12.00 12.00 13.00 5.8 7.8 4.8 5.3 6.1 6.2 7.3 6.9 7.8 8.4 7.0 21.0 18.6 17.3 21.9 21.9 21.9 19.9 17.9 15.7 17.3 DEFLATION-Indices of earnings (1965=100); basic materials and fuels; wholesale prices of manufactured products (1965=100); retail prices and food prices, (lan 1967=100); Flectors commodity Index (Sept 1931 = 100); trade weighted value of starting (1975=100) (egs' 1967
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Mikulic thwarted over budget

By Judy Dempsey in Vienna.

get after growing opposition from some of the republics.

affecting living standards.

The federal budget of

and is mostly financed by sales

mous provinces. But yester-day's session gave rise to even sharper criticism of Mr Mikulic from other republics, including Serbia and Montenegro.
According to Yugoslav jour-

prevents the Prime Minister from pushing the budget through, he will have to raise

surprise than his resignation

Bulgaria ends jamming of US radio

By Our Correspondent in Vienna THE BULGARIAN authorities last week ended jamming of Radio Free Europe, the US broadcasting station based in Bulgaria, which has been jamming RFE since it was set up in 1951, has so far not offiremain jammed, according to specialist radio engineers. The decision to end the iam-

Weet Germany, in what appears to be a decision linked to recent developments in the

But some other stations, including Radio Peking, Radio Tirana and Turkish Radio,

ming of RFE follows major changes in the Soviet Union which earlier this month allowed both RFE and Radio Liberty, the other US radio station, to broadcast almost all its languages into the Soviet Union without interference.

cially confirmed the move.

But the initiative is seen by
Western diplomats attending East-West security talks in Vienna as part of the Soviet Union's attempts to gain West-ern enpport for holding a human rights conference

Top E German spy tells of smuggled secrets

By David Marsh in Bonn

A CORNER of the veil over the workings of the East German secret service has been lifted by Mr Günter Guillaume, the East Berlin spy who caused the resignation in 1974 of West German Chancellor Willy

In excerpts from his memoirs published in the Hamburg news magazine Der Spiegel, Mr Guillaume, who worked as personal assistant to Mr Brandt between 1970 and 1974, delivers insights into how he smuggled to East Berlin secret Nato papers and a letter to the papers and a letter to the Chancellor from President Richard Nixon.

Accompanying Mr Brandt on a holiday in Norway in July 1973, Mr Guillaume had daily access to classified government documents transmitted from Bonn, above all dealing with discussions with the other Western allies over American nuclear policy. Mr Guillaume says he took copies in an attache case to a hotel on the



Guillaume: memoirs

Swedish coast, where the most important documents were picked up by an accomplice named "Arno" and conveyed to the Ministry for State Security in East Berlin. The full circumstances of the

most serious post-war German spy scandal, have never been cleared up. Mr Brandt, whose anthority within the govern-ment had already been weakover economic policies, resigned over the episode in May 1974, making way for Mr Helmut Schmidt. The Guillaume memoirs, which bear the heavy hand of professional "ghost writers" from East German intelligence, leave many questions unanswered, particularly on the importance of the information

ened by months of squabbling

lor's resignation. The manuscript, which was "leaked" to Der Spiegel amounts to the first East German confirmation of Mr Guil-

he conveyed to East Berlin, as well as details of courier and transmission methods nployed. Mr Guillaume also leaves untouched the delicate subject of how much knowledge he was able to give East Germany on Mr Brandt'e extra-marital activities. Fears that he could be blackmailed were one of the reasons behind the Chancel-

laume'e espionage work. It also sheds some light on the com-

the rigours of the Cold War.

Referring to Mr Brandt's sense of being betrayed, Mr Guillaume writes that he would like to have spent an hour with the former Chancellor to explain. Just as Brandt saw his role as a "Peace Chan-cellor", his espionage mission was also for the good of peace, writes Mr Guillaume.
Mr Guillaume, who was suspected for years by West German counter-intelligence but

was not unmasked until April 1974, was sentenced to 13 years jail in December 1975. He was freed early and sent to East Berlin in 1981 in an East-West

West German newspapers may end Cold War

By David Marsh

1,747 1,817 1,902 1,752 1,756 1,756 1,778 1,970 1,863 1,874 1,866

75.3 77.6 75.9 74.3 76.6 76.2 76.3 76.6 76.5 76.5 76.3 77.1

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188.5 104.8 104.7 182.9 183.6 194.8 194.8 184.9 194.4 194.5 184.9

THE East German government marks around the initials for looks likely to benefit in the New Year from moves by West Germany's right-wing Springer newspaper group to tone down its traditional hostility to the

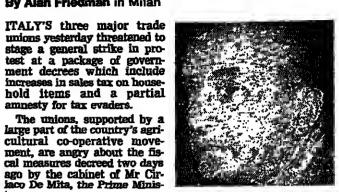
Communist regime. In a tradition laid down by the fiercely anti-Communist Axel Springer, the groups's leg-endary founder, the company's newspapers hava always placed contemptuous quotation

the German Democratic Republic as a means of denying the legitimacy of the East German state. Yesterday the group, which controls more than a quarter of daily newspaper circulation in the Federal Republic, confirmed it was considering abolishing the quotation marks on the grounds that they were no longer "under-standable" for younger people.

The editors of Springer's two flagship papers, the downmar-ket Bild and the middle-brow Die Welt, want to phase out the style in line with East-West detente. Both have faced circulation problems.

According to Mr Werner Rudi of Bild, the punctuation is "a relic of the Cold War". Mr Manfred Schell of Die Welt says a decision is likely in the first half of 1989.

Die Welt wants to send a permanent correspondent shortly to East Berlin to improve its coverage of East German affairs. Although there is no formal link between the two matters, it is highly unlikely that the East Berlin authorities would give full accreditation unless the Springer group decided to spell DDR (for Deur-sche Demokratische Republik) without quotation marks.



De Mita: fiscal measures

He predicted that a general strike would be called during the month of January.

Apart from the unions and

leader of CGIL, said: "After ers in the past.

NIPPON TELEGRAPH AND TELEPHONE CORPORATION

("NTT") U.S. \$50,000,000 10% per cent.

NOTICE IS HEREBY GIVEN, that pursuant to Condition 6 (B) of the Notes, the following Notes of NTT in the aggregate principal amount of U.S. \$6.250,000 have been drawn for redemption on January 31, 1989 (the "Redemption Date") for account of the Sinking Fund at a redemption price (the "Redemption Price")

aware of the irony that the spy case would lead to the downfall of a Chancellor who had paved the way for normalising East-West German relations after

Payment of the Redemption Price will be made upon presentation and surrender of the Notes called for redemption, together with all coupons appertaining thereto maturing after January 31, 1989 at the principal office in the city indicated of any of the following Paying Agents:

Bank of Tokyo (Schweiz) A.G. in Zurich

NIPPON TELEGRAPH AND

Dated: December 29, 1989

By: The Bank of Tokyo Trust Company as Fiscal Agent

Snowbound mountains prevent effective fighting, Mujib Khan reports from the Afghan-Soviet border

HK video-cassette makers to fight EC dumping move

HONG KONG video-cassette manufacturers are gearing np to fight an anti-dumping action announced earlier this week by the European Community, under which duties of np to 59 per cent have been imposed on locally-made video-cassettes exported to Europe.

A number of South Korean and Hong Kong companies have been singled out for the special anti-dumping levies, after an EC investigation into the European video-tape mar-ket found that European manu-facturers such as BASF and Agfa were suffering losses as a result of price undercutting from Asian producers.

Provisional duties ranging from 11.3 to 59.3 per cent have heen levied on eight Hong Kong video cassette makers. Hong Kong trade officials

and the companies are still awaiting evidence from the EC that illegal dumping has taken place, but have already made it clear that they are prepared to enter a legal battle in order to have the duties removed. Under the provisional duties,

manufacturers must take out a bank guarantee to cover the levies. The EC authorities have four months to submit their case to the EC Council of Ministers in order to make the duties definitive, requiring cash payments of duty for a period of np to five years.

There is still time to make representations," said Mr Stuart Harbinson, Hong Kong's deputy director of trade. Mr Harbinson said the Trade Department was in contact with the video-tape manufacturers, and should it find no antagonism.

evidence of dumping, will help fight the EC action. Similar anti-dumping inves

tigations by the EC against local manufacturers were on the increase, he added. "We have a general worr about the frequency with which these anti-dumping actions seem to be taking place," Mr Harhinson said

There is a question as to whether the rules that the EC applying are fair." Under the General Agreement on Tariffs and Trade, countries may impose special duties on foreign manufacturers deemed to be selling at artificially low prices and damag-

ing domestic manufacturers. Duties are calculated by seessing production costs in order to arrive at a fair export price into the EC - a process fraught with difficulty.

Hong Kong manufacturers have complained before that these calculations tend to over state production costs, and that inflated estimates tilt the balance in favour of the European companies instigating the westigations.

Local manufacturers and

trade officials are particularly concerned about a recent increase in anti-dnmping actions on the part of the EC, in the light of Europe's prog-ress towards 1992 and the single market

Fears of the emergence of a "Fortress Europe" are wide spread among the export-led economies of Asia, despite European assurances that the run-up to 1992 will not bring with it a mood of increased antennism.

HE Soviet occupation of Afghanistan entered its tenth year on Tuesday, an anniversary the Soviet

Union was hoping to avoid.

Although the withdrawal under the UN accords must be completed by Fehruary 15, Moscow had been boping to have its troops out before Christmas, thus avoiding an embarrassing anniversary and the worst of the Afghan winter

at the same time. Heavy fighting and attacks on Soviet troops by the Afghan resistance ruined the plan, leaving the Soviet soldiers and their Mujahideen opponents to endure a few more weeks of one of the world's harshest

The provinces of Badakshan, Takkhar, Kunduz, and Balkh, lying south of the Oxus, exemplify different aspects of the resistance movement that has developed against the Soviet-backed communist forces in Afghanistan.
Along Badakshan's north-

eastern border, there are 4,000 Mujahideen in Darwaz, e secInded, mountainous area within the province. They belong to the Jamiat-E-Islami party, and have used the natural boundaries formed by high mountain passes to divide Darmer into four mite. waz into four units.

Although the extremely mountainous terrain has given them shelter against intensive aerial bombardment, it has also hindered their means of communication and transport. in particular, during the long snowhound winter months. stretching from November until April, Darwaz is cut off not only from the rest of Badakshan, hut even the four units themselves are isolated

from each other. Because of the treacherous conditions, an average of 20 vil-lagers from Darwaz are killed in avalanches every winter: some are killed while attempt ing to transport urgently needed arms or ammunition, while others are killed trying

to bring in essential food sup-The victims are usually young men and their dependent families. Last January, 14

the Soviet anthorities in Moscow have sent troops from the more trusted central states to guard the Soviet-Aighan border, as much to keep the Soviet Tajik under their con-

Soviet troops dig in for a nightmare winter



killed in an avalanche, while hringing in food supplies. Eleven of them were from the

same village.
In winter, the snowbound mountains prevent either side from fighing effectively; during these relatively peaceful periods it is possible to walk along the Oxus, in full view of the Russian forces across the river. Every few hundred metres, tanks are positioned with their cannons pointing south, and there are Soviet army garri-sons on the outskirts of the Tajik villages running along

The local population on both sides of the horder is Tajik. The ethnic bond between the Afghan and Soviet Tajik remains strong, even after 70 years of separation. The cur-rent successful struggle of the Afghan Tajik, who had origi-nally fled in 1917, when Soviet troops had invaded and annexed Tajikistan, has become a symbol of hope for the Soviet Tajiks. The Soviet anthorities have been worried about cross-border collaboration among the Tajik, and of the danger of internal riots

breaking out in Tajikistan.

trol as to keep the Afghan Tajik from carrying out cross-

Tajik from carrying out cross-border raids.

North of the Oxus, the brick and stone buildings, the regular flow of KGB jeeps patrolling the border, as well as the pres-ence of other military and civilian vehicles, and the absence of homb damage – are features that contrast sharply with the poorer Afghan vil-lems arms the river.

lages across the river.

Most of them have been heavily bombed, the houses are made of mnd, there are no motor vehicles, and there is no electricity. The disparity is even greater at night, when the well-lit Soviet villages and army garrisons cast shadows on the dark, candle-lit Afghan villages across the river.

During the more active periods in the summer, the Soviets have deployed their forces on both sides of the Oxus. They have been harrassing the Afghan villagers by firing mortars and cannons at random during the night.

As a precantion against this tactic, the houses that are partially intact or have been rehuilt, all contain under-ground cellars for shelter. However, these cellars are not strong enough to withstand aerial bombardment, and it has been through low-level helicopter attacks that Soviet troops have caused the heaviest damage. Apart from dropping

Mr Yuli Vorontsov, the Soviet ambassador to Kabul, is expected to visit Tehran shortly for talks aimed at drawing Iran-based factions of the Afghan resistance into talks on the political future of Afghanîstan, Kamren Fazel reports

from Tehran. His trip to the Itanian capital is expected to coincide with nt official visit there by Prof Burhanuddin Rabbani, the current chairman of the main resistance alliance based in Pakistan

in Pakistan.

It forms part of a frenetic round of Soviet diplomacy aimed at establishing a broadbased political framework for Afghanistan before the February 15 deadline for the complete withdrawal of Soviet forces from the country.

Ivan has been one of the key

Iran has been one of the key supporters of the Afghan resis-tance. It has played host to an alliance of eight groups repre-senting Afghanistan's Shia Moslems — estimated at up to

Lacking heavy weapons, the

Mujahideen in Darwaz were

not able to capture the better-equipped Russian garrisons.

But they used the mountain-ous terrain to their advanage, attacking the communist

forces whenever they tried to come out of their garrisons.

isolated the communist bases and confined their troops

within the garrisons. Even

Soviet provisions and rein-forcements had to be flown in

decades, the last having been

made as long ago as 1960 when the late Mr Jawaharlal Nehru

visited the neighbouring coun-

try to sign an international

agrement.

Mr Gandhi flew to Peshawar

last year, but no talks were then held.

dramatic improvement in rela-

tions. Mutual suspicion has

marked Indo-Pakistan ties since 1947 when the subconti-

nent was partitioned. Since

then, India and Pakistan have

gone to war three times. Despite this, the issues that

divide them - notably their claims to Kashmir - remain

The last Indo-Pakistan sum-

Neither country expects a

In this way, the Mujahideen

bombs, they also used the heli-copters to land commandos at Pakistan. There is a shortage of both medicine and suitably the top of the mountains, from where they could more effec-tively attack the Mujahideen trained personnel who could use the available medicine bases below them.

During the long snowbound winters, entire villages suffer continuously from epidemics of influenza, pneumonia, bronchi-tis, rheumatism, and other illnesses. Simple battle wounds often become fatal, because of the lack of appropriate medical

20 per cent of the latter coun-

try's total population - and to as many as 2m refugees, sec-

ond only to the number in

operate quite separately from the Pakistan-based Mujahi-

deen rebels. They have also

esponsed more radical views than the majority of their counterparts in Pakistan about the role of religion in a

future Afghan Government. But the Iranian leadership

But the Iranian leadership has apparently been working hard in recent weeks to draw the groups based on its soil into negotiations hetween Soviet and Mujahideen representatives. The first round took place in the Saudi resort of Taif earlier this month.

The co-operation of Iranbased groups is essential to the success of attempts to set up a stable system of government for Afghanistan after the completion of the Soviet withdrawal.

These groups have tended to

The inadequate diet further strains the health of the villagers. in winter, the basic diet consists of bread and krut - a form of cheese; in some villages, even wheat is an inaffordable luxury; instead, they make their bread from barley:

Throughout the past decade, no fully qualified doctor has been to Darwaz. Medical care tion, no political or economic is limited to a few paramedics who have been given sixmonth training courses in

representatives have visited Darwaz. During the past decade, a total of only a few thousand dollars of aid has arrived there. However, despite the difficult conditions, the local pupulation chose to remain in Darwaz and support the Mujahideen in their strug. gle against the occupying

Over in Balkh, an abundant supply of heavy weapons dur-ing the past few years has enabled the Mujahideen to become more aggressive; hav-ing established bases in mountainous areas, they have been able to come down and attack communist garrisons even in the flat areas north of Mazar-E-Sharif. Recently, the heaviest fighting in Balkh has taken place in this region. The Mujahideen have been

waging a mobile war, moving in convoys of vehicles, with their heavy guns and cannons positioned on top of trucks and jeeps. Due to the heavy arms in their possession, they were able to attack enemy garrisons effectively and swiftly. Until their arrival early last

year, low-flying helicopters and jats attacked villages and Mujahideen bases at will: because of this threat, Mujahi-

deen convoys were forced to travel at night.

After a few days of high-altitude bomhing, the Soviet Union withdrew its air force from areas where they had proved vulnerable to Stingers, enabling the Mujahideen to move around and fight during the day.

However, winter in the northern regions has been a nightmare for both sides. They have only six weeks more to endure, but the extreme cold and difficult snow conditions mean they will seem extremely long weeks - especially for those young Soviet troops the first time.

Likud wants

Mahathir rules out hope for early election

By Robin Pauley, Asia Editor NO PROSPECT exists of an early election in Malaysia, and allegations that the government might engineer a state of emergency for its own electoral purposes are baseless, according to Dr Mahathir Mohammed, the Prime Minis-

For weeks there have been rumours that Dr Mahathir would call a snap election in the new year.

There have also heen repeated rumours that the gov-erument is planning a subtle campaign to raise ethnic ten-sions enabling Dr Mahathir to declare a state of emergency prior to an election.

I have a two-thirds majority in Parliament now. There is absolutely no reason why I should heve an election. I certion if I was going to declare an emergency, because with an emergency I can run the country without elections. The whole thing is absurd," Dr

The rumours were all the more ridiculous because the damaging splits within his rul-ing Umno Party meant that the government would almost certainly lose its two-thirds majority in the next election, he

Why throw the two-thirds majority away now, the Prime Minister asked. He is not required to call an election under the constitution until

huge parliamentary majority for as long as possible, Dr Mahathir says he is relaxed about the prospects of a smaller majority next time.

Although keen to retain his

Any ides that he could lose the next election had not occurred

"It is just a question of going from a massive majority to a simple majority. Of course, with a very big majority you can do lots of other things like changing the constitution, but one does not change the constitution all the time."

Dr Mahathir said the rumours about the early poll and emergency started because Dr Musa Hitam, his former deputy Prime Minister until he resigned in 1985, asked him recently what the government would do if things got really

"To me, really bad means there are racial fights and political upheavals like those that occurred in 1969 (the year of Malaysia's worst race riots in which more than 200 people died). Now if that happens, I have no choice hut to declare an emergency. That is what I meant and he used that to say that I want to declare an emer-gency," Dr Mahathir went on.

He has offered the Umno dissidents, including Dr Musa, s return to the Cabinet in an attempt to reconcile the warring Umno factions. But all have been offered lower jobs than they held before and all have refused, although Dr Musa has now indicated he is willing to negotiate to join the

If these negotiations are successful it will be an important political boost for Dr Mahathir, leaving his arch-rival for the Malay leadership, Tengku Razaleigh, isolated in his fight against Dr Mahathir from outside the party

Seoul expects \$14bn current

account surplus By Maggie Ford in Secut

SOUTH KOREA expects a enrrent account surplus of \$14bn (£7.7bn) this year - dou-ble the government's original target, and a \$4bn increase on last year's result. The Bank of Korea said the

surplus reached \$12.6bn by the end of November, a rise of 42 per cent. Last month's surplus of \$1.5hn was \$593m higher than in the same month last The surplns has pushed South Korea's foreign

exchange reserves up to nearly \$14bn. Seoul expects to be a nei creditor next year as assets abroad exceed its foreign debt of \$33bn. The November figuree include a trade surplus of

\$1.2bn, with a record export total of \$5.5bn - a rise of 24 per cent over the same month last year.
But the trade surplus with
the US slowed, registering
\$7.6bn in the first 11 months
against \$8.5hn in the same

period last year - an 11.6 per cent fall.

South Korea sent a message to communist North Korea yesterday, agreeing to high-level talks aimed at reducing ten-

Prime Minister Kang Young-hoon suggested to his North Korean counterpart You Hyung Muk that they head delegations to discuss non-inter-ference, co-operation in select areas, and building "mntual trust" in military matters.

Gandhi set to sign accord with Bhutto

By K.K. Sharma in New Delhi

MR RAJIV Gandhi, India's Prime Minister, leaves for Islamabad today for talks with Ms Benazir Bhutto, Pakistan's new Prime Minister, amid hopes that both countries will ratify an agreement made in 1985 not to attack each other's nuclear facilities.

The formal agreement on this has never been signed because of the Indian allega-

tion that Pakistan has been encouraging extremist Sikhs in Punjab and the counter-allegation that India is helping separatists in Sind. Indications are that either the agreement will be signed in

Islamabad in the next two days or that the two leaders will announce a date for the signing. This will be an important step forward in relations between the two states and could provide the ground for further confidence-huilding

The opportunity for the summit is provided by the two-day annual meeting of the South Asian Association for Regional Co-operation (SAARC). But clearly, the meetings between the two prime ministers will be of greatest significance. The two are expected to hold at last three meetings to discuss ways. to improve bilateral relations. This will be the most impor-

tant direct contact between leaders of India and Pakistan since the late Mrs Indira Gandhi and Ms Bhutto's father, the late Mr Zulfigar Ali Bhutto, met in the Indian hill resort of Simla in 1972 to sign an agreement on normalisation of relations after the 1971 war which split Pakistan in two. Mr Gandhi's trip is the first an Indian Prime Minister will-

have made to Pakistan to dis-

unresolved . coss bilateral relations in three

mit was held in 1985 when the late President Zia Ul-Haq visited New Delhi for talks with

They then agreed to a series

sures which have never been implemented, mainly because of suspicions that each was interfering in the internal affairs of the other. Mr Gandhi sent on unusu-

of confidence-building mea

ally warm message to Ms Bhutto on her election, and this was reciprocated with equal warmth, India has welcomed the return of democracy to Pakistan and has been par-ticularly impressed by Ms Bhutto's statements that she plans to make the Simla agreement of 1972 the basis for future relations with India and committing Pakistan not to make nuclear weapons.

The Simla agreement provides for direct negotiations for settlement of all bilateral issues without the involvement of any other country and also

By Eric Silver in Jerusalem THE seven weeks of horse-trading it took Mr Xit-zhak Shamir to put together a coalition with Labour has convinced his right-wing Likud

to reform

poll system

Party that Israel must reform its electoral system before the next polls. The objective would be to strengthen the Prime Minister's authority and make it harder for fringe groups to win seats and hold the major par-ties to ransom, as the ultra-Orthodox and ultra-nationalists

did after the November poll. in the last parliament, Likud resisted changes promoted hy Labour and the parties of the centre-left. It did not want to alienate its religious allies.

But Mr Shamir's humiliating ordeal, which provoked a con-frontation with Israel's influential American Jewish supporters over the definition of Judaism, persuaded him to

The Prime Minister conceded

tee soon to recommend what form a change should take. His ideas are not yet very precise, hnt he is veering towards some form of constituency system, coupled with direct election of the Prime

Sudanese call for Premier to resign

THOUSANDS of Sudanese poured on to the streets of Khartoum yesterday, demanding the government should resign, while trade unions also called an indefinite strike to protest at price rises, Reuter

sion, AP reports from Seoul. The protests and strike call hy the influential Sndanese Federation of Trade Unions posed Prime Minister Sadeq al-Mahdi's coalition government its toughest test since it was formed seven months ago. The official Sudan news agency SUNA said the federa-

tion, with membership esti-mated at 1m workers, called for an indefinite strike from tomorrow unless the government backed down.

"The revolution will con-tinne, Sadeq must get out," several thousand demonstrators shouted in central Khar-

On Monday, the government raised the price of sugar hy 500 per cent and cigarettes by 50 per cent, introduced a tax on per cent, introduced a tax via locally-manufactured goods, and imposed a 15 per cent increase in import tariffs.

It said the measures were necessary to raise funds to cover wage increases announced on Saturday. There were signs yesterday, however, that the government might

back down. The independent newspaper al-Siyassa said deputies from Mahdi's Umma party, the coali-tion's leading partner, had called on the government to review the measures.

Yesterday's demonstrations, spread across Khartoum, focused on the cabinet offices where riot police, armed with machine-guns and tear-gas, stood guard but did not inter-

The protesters chanted slogans against the Attorney-General and Justice Minister, Mr Hassan al-Tourabi, and his militant National Islamic Front (NIF), raising tension with NIF aupporters also protesting at

the price increases.

Reports yesterdey said employees of the state-owned Telecommunication Authority would begin a week-long strike tomorrow to press demands for more nay more pay.

in a radio interview that it was "impossible to continue for long with the existing system", which led to endless bartering after every election. Mr Shamir is planning to appoint a ministerial commit-

Minister. Labour's preference is for a mixture of constituency and proportional elections.

BUSINESS LAW

Rediscovering the past, for better or worse

By A.H. Hermann, Legal Correspondent

his was the year when hoth China and the L Soviet Unioo started in earnest to rediscover their legal past. China tried hard to evalve laws to fit its new husiness aspirations, and its lawyers contorted themselves to do so without mentioning the word "property"

The Soviet Union, remarkably, seems more free from ideological handcuffs, but its progress in civil and commercial law is haphazard. The legislatioo enabling foreign joint and Poland, and some are lag-ventures suffers from the ging behind it. East Germany's absence of basic laws allowing joint ventures to own and mortgage property or other assets and providing for an orderly disposal of failed enterprises. Somehow, it has not quite yet sunk in that a market economy, eveo a socialist one, cannot do without insolvency rules to clean the field.

The return to Lenin and the way of saying that the New

given up. Consequently, the civil codes of the individual Soviet Republics, purged several times of all that could perpetuate the private ownership of means of production or otherwise facilitate individual back to where they were in the early 1920s. A similar journey began for the lawyers in the lesser communist countries of centrel and south-eastern Europe. Some are ahead of the Soviet Union, such as Hungary splendid isolation is made possible by the fact that it never emhraced Stalin's economic madness as whole-heartedly as other countries, particularly Czechoslovakia.

However, it is not only communist lawyers who look back. The US lawyers do too, though within different co-ordinates. The new anti-trust guidelines rehabilitation of Bucharin is a proposed by the Department of Justice aim to dismantle fur-Economic Policy of toe early ther the rigorous constraints 1920s should never have been on business constructed by

courts on the foundation of the Sherman and Clayton Acts. These new draft guidelines are much softer on mergers than those issued in 1984, and they also adopt a benevolent stitude to joint ventures and licensing of intellectual property. However, the proposed guidelines adopt a hard line on extraterritorial application of US anti-trust laws, trying to obtain immunity for the US anti-trust agencies from judicial review of such spplications. They also try to weaken a foreign party defence that it acted under the compulsion of its own government. The same tendency towards

a universal epplicability of US laws was manifested by the US Supreme Court's decision in the Schlunk case, giving the lower courts a green light to disregard the Hague Convention's requirement of going through local courts to obtain evidence from foreign residents. Instead the courts may use their own procedure for enforcing discovery abroad -

another move away from the spirit of international co-opera-tion which moved the US to sign and ratify the convention.

By contrast the Securities and Exchange Commission (SEC) seeks greater co-opera-tion from other supervisory authorities and in exchange offers to help with their US investigations of suspected infringements of foreign security laws. An act giving the SEC powers to provide such help was signed by President

Reagan this mouth.

Product liability laws developed hy US courts are an enormous hurden on the US economy, estimated at \$45bn, to which should be added the cost of self-imposed restrictions on production, and defensive measures, particularly in the medical field. The adoption hy Congress of the Uniform Product Safety Bill and its approval by the Energy and Commerce Committee of the House of Representatives mark the beginning of an important initiative in this area.

Both the US and the EC rediscovered anti-dumping laws as an instrument of pro-tectionism. The US trade legislation gives the executive great powers of retaliation when US exports are hampered in foreign markets - powers so great that they could be easily used as a barrier to imports on the flimslest justification.

The European Commission also became very inventive in the application of anti-dumping doties and some of Its methods of calculating the "normal price" are question-eble, to say the least. The European Court, which in the past tried to make the Commission keep to the virtuous path, has recently endorsed some of its most problematic decisions.

The court has also, perhaps unwittingly, provided the Com-petition Department of the Commission with ammunition in its battle for a merger regulation which the member states are reluctant to approve. Though, if interpreted strictly,

the Morris decision did not increase the Commission's powers under Article 85 of the Treaty of Rome, the Commis-sion is using this decision as a bogey with some success. This is welcomed hy companies threatened hy hostile hids, such as Plessey, and in this way the interpretation of the decision, though wrong, becomes effective in practice.

On one hand, there is, no doubt, logic in the proposition that mergers with an international dimension cannot be very well controlled by national authorities, and that they could be better controlled by the Community or an even more widely based authority. On the other hand, Brusselsbased merger control, com-bined with the Commission's mounting protectionism and preference for cartels in which it can have the decisive say, coojures up a vision of the dirigisme of the 1930s.

rather across the Atlantic, is

the European Court's recent decision in the *Wood Putp* case. It adopts a very radical form of the US-hred "effects doctrine", encouraging the Commission to apply the Com-munity's competition law to foreign suppliers of the Com-mon Market. This may prove to be a good bargaining asset in a future attempt to curb the extraterritorial application of US laws but it is also a sad sign of mounting tensions on the trade front. One must only hope that these will not affect the vigour of political alliances of the western world.

Thronghont the year the

Commission continued its struggle for greater power or "competence" as they call it in Brussels - taking member governments to the European Court either individually or collectively, as the Council of Ministers. Sometimes there were sound reasons for the action, when member states failed to implement rules to which they agreed. But some-times the actions seemed petty, as when the Commission asked for the annulment of Council Directives only because they referred to an article of the Treaty of Rome which the Commission did not like, as a Not looking backwards, but matter of principle, because it required unanimity, though

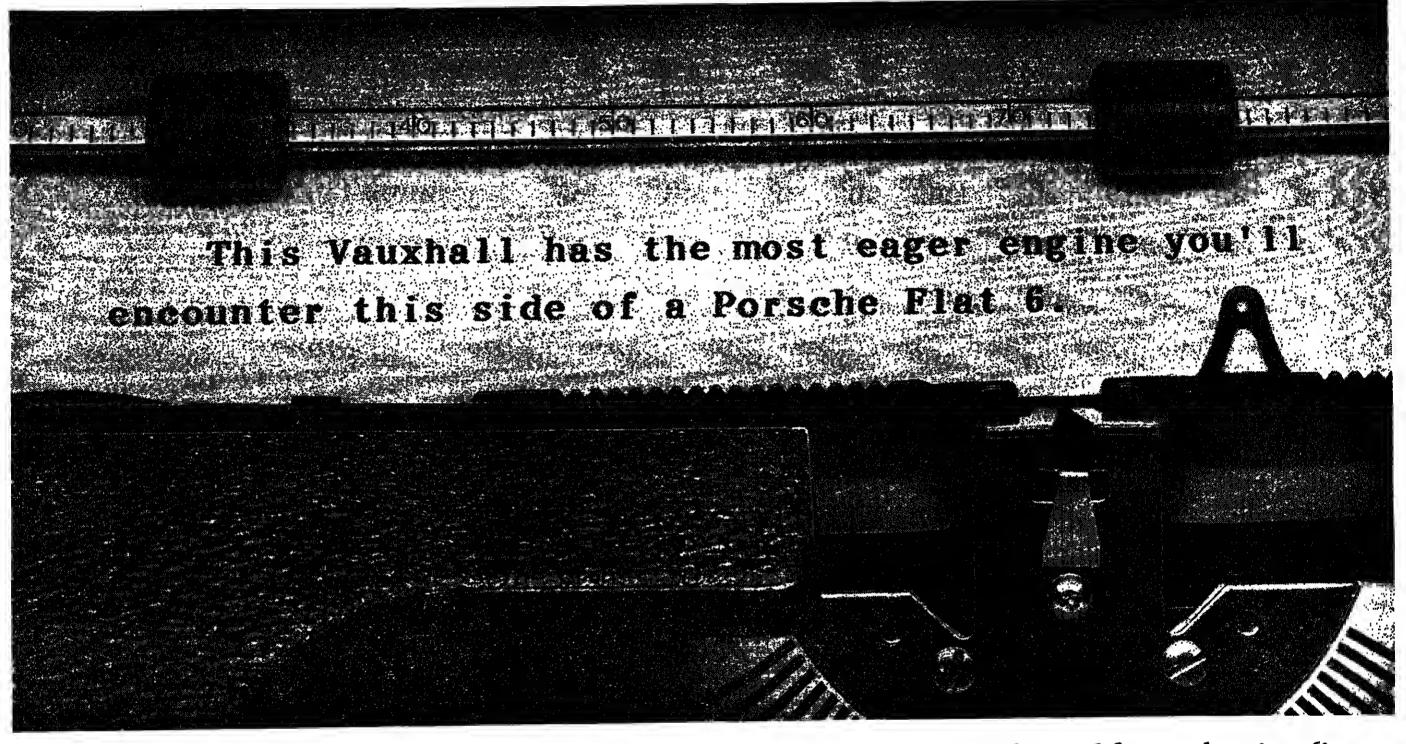
the directive had been passed as drafted by the Commis The Community legislation required for the achievement of a "single market" prog-ressed apace but enthuslasm for 1992 cooled down as it became evident that dismantl-ing barriers to trade between member states might provide hricks for a Chinese wall around the Community and that a liberalisation of national regulatory regimes could reinforce the dirigiste tendency of

the Commission.

Though time does not seem yet ripe for the United States of Europe, the European Economic Community envisaged hy the Treaty of Rome has many devotees in its member states. But there is e growing awareness of the drift towards a community where internal frontiers will be replaced by even greater divisions between sectors of the economy with different rules applying to agriculture, energy, transport, the steel and chemical industries, and manufacturing industries - where rules are applied dif-ferently eccording to the politi-cal clout of the enterprises, and whether they are based in the Community or outside it. in short, not everyone would like to see a 1992 European Corporate Community.

وكنامنالئجل

WE THOUGHT OUR 16 VALVE ENGINE WAS INCOMPARABLE. APPARENTLY NOT.



Hmm. The quote above was found in the May 1988 issue of 'Car' magazine.

Reinforcing the belief, it seems, that Vauxhall can build a good engine. Then again, it's not just a good engine. It's our best.

You see, we gave our engineers a bit of a problem.

"Build an engine that is not only flexible but with high power. Make it quiet, fuel-efficient and low on exhaust emissions.

Finally, it has to be easy to maintain but durable, compact and low in weight." Some problem.

But as we expected, they delivered the goods.

In the shape of the new Vauxhall 2.0 litre 16 valve engine. It pushes out 150 bhp.

And, when fitted in the Astra GTE, powers it from 0-60 in 7.6 seconds, and up to 135 mph.

Its real beauty, however, is its immediate and

powerful response to a demand for acceleration, (i.e. put your foot down and it goes like lightning).

Much of this is thanks to the introduction of the Bosch M2.5 Motronic engine management system.

A most important function of which is its Sequential Fuel Injection.

A bit of technical flim-flam that means the exact amount of fuel goes to each cylinder exactly when it is needed. Result: Instant exhilaration.

Nevertheless, this is just a start. As we speak, our designers are developing far superior engines.

So keep your eyes peeled on the car mags.

One day you may see a cutting that compares a Porsche Flat Six to a Vauxhall engine.

VAUXHALL. ONCE DRIVEN, FOREVER SMITTEN.

THE THE VALUKHALL IS BACKED BY THE WORLDWIDE RESOURCES OF GENERAL MOTORS. ALL PERFORMANCE FIGURES MANUFACTURER'S DATA.

Wreckage may yield first clue to identity of terrorists

is conclusive evidence that a bomb caused the crash of Pan Am 103 opens a new phase in

the official inquiry.

The main task of British investigators, working side by side with the US Federal Bureau of investigation, will be to search for more evidence on the type of explosive and the bomb detonator used to blow the Boeing 747 out of the eky, killing all 259 passengers

Yesterday's statement from the Air Accidents investigations Branch of the Transport Department made clear that investigators also had yet to establish what the bomb was contained in, where it was located in the aircraft and what happened immediately after it exploded. For the time being, then, as police spokes-men made clear yesterday, the lead in the inquiry remains with Dumfries police and the Department of Transport, with other Government minietries providing back-up where

In parallel with the forensic search, US and British investigators, using intelligence chan-nels, are likely to be testing a wide range of hypotheses as to which terrorist groups may have the motive and the capability for carrying out sabotage on the scale of Pan Am 103. investigators are also expected to examine closely the pas-senger manifest to see if any of

THE BRITISH Government's THE FOLLOWING is the statement yesterday that there statement released by the Air Accidents Investigation Branch of the Department of Transport

on the Lockerbie crash:
A number of items of wreckage, passenger baggage, and part of the framework of a metal laggage pallet are being examined by Ministry of Defence scientists. More items have been collected by Air Accidents Investigation Branch investigators from the accident area; each of these will be subjected to lengthy chemical and metallurgical forensic examinations.

However, it has been established that two parts of the metal inggage pallet frame-work show conclusive evidence of a detonating high

The axplosive's residues recovered from the debris have

those travelling may have unwittingly had connections with a terrorist group. "It has happened before," said an official in Washington, noting how, in 1986, an Irish girl was duped by her Jorda-nian boyfriend, Nezar Hindawi, into carrying a bomh aboard an El Al jet at Heathrow before sbe was caught by security guards. On that occasion, the Britisb Government concluded that the plot was master-minded by senior Syrian offi-cials, and broke off diplomatic ties with Damascus once Hinbeen positively identified, and are consistent with the use of a high-performance plastic

Other evidence collected by the Air Accidents Investigation Branch, in particular that from the flight data recorder and the cockpit voice recorder and from the wreckage trail on the ground, has led to the preliminary conclusion that the explosion took place soon after the aircraft had crossed the Scottisb border while it was in the cruise at 31,000 ft and that this led directly to its

Much investigative work remains to be done to estab-lish the asture of the explosive device, what it was contained in, its location in the aircraft, and the sequence of events immediately following its det-

The centre of attention, however, is on the farmland near Lockerble where potentially vital cloes lie either on the ground or buried with other samples of the crash debris. "The forensic search has only just begun," said one US offi-cial knowledgeable in counterterrorism.

He said investigators would focus on luggage and metal fragments found near the suitcase of which the pockmarked surface first offered conclusive evidence of a bomb hidden aboard the plane. "We would look for burn marks and



Joint operation: Federal Bureau of Investigation agent Jim Darch (left) with the Assistant Chief Constable of Dunizies and Galloway Paul Newell

A primary goal, however, is to find the detonator, or parts of it, which may be numbered and therefore offer chies about the original supplier and the buyer. Modern detonators may have a barometric device triggering an explosion, or it could be a sophisticated remote control device capable of being set off from a distance of up to 100

Officials noted that each devices usually required speci-alised knowledge and probably

attempt to reconstruct the identity of the explosive," the official said.

a laboratory. Those physical requirements and the level of technical expertise did not lead. in the direction of a gang of ruffians, one US source said. Among the groops identified by Washington as having the capability are several radical Palestinian factions that bitterly oppose the recent state ments renouncing terrorism and recognising Israel by Mr Yassir Arafat, chairman of the Palestine Liberation Organisa-

Fears have been voiced fre-quently in recent weeks that one of these groups might

Output of diesel cars rose from 1,264m in 1982 to 1,96m in

1987, a jump of 55.1 per cent,

but production has been on a plateau since 1985.

share of the West European new car market from 11.3 per

cent in 1982 to a peak of 17 per

cent in 1986, when diesel regis-trations totalled 1.97m out of a

total West European new car

market of 12.4m.

Diesel cars increased their

ist outrage in order to discredit Mr Arafat's conciliatory line. Israeli leaders, who want to persuade the US to halt the dialogue it recently opened with the PLO, have been quick to draw attention to possible Palestinian involvement in the

tragedy.

The dissident groups are highly fragmented, but among the more active and organised is the Damascus-based Popular Front for the Liberation of Palestine-General Command, led hy Mr Ahmad Jibril, which openly split with Mr Arafat in the early 1980s. Several weeks ago, 13 alleged members of the PFLP-GC were arrested in West Germany, amid accusa-tions that they were planning a terrorist act against an Ameri-can or Israell target. The clear aim was to upset Mr Arafat's

Another group is the Fatah Revolutionary Council, led by the terrorist Mr Sabri al-Banna, better known by his nom de guerre Abu Nidal, who has received backing from both Syria and Libya. However, US officials noted with great interest a statement issued by the Abu Nidal group on Tuesday expressing condolences to the

American victims' families.

They described the statement – which expressed "deepest sorrow for this tragedy" in the name of the Fatah Revolutionary Council – as unprecedented and possibly indicative of a desire not to be

outflanked by Mr Arafat's cur-

rent moderate tone. The FBI, Finnish police and

the State Department's Count-er-Terrorism Bureau have all more-or-less discounted the original tip by an anonymous caller in Helsinki warning of a likely bomb attack on a Pan Am jet leaving Frankfurt by Abu Nidal. The caller – who made a series of threatening calls this year - has been traced and interviewed. Officials are leaning towards the conclusion that the tip-off preceding the crash was a maca-bre coincidence.

The focus of attention now is Iran, and more particularly hard-line Iranian or pro-Iranian groups. Ayatollah Ruhollah Khomeini, Iran'e epiritual leader, called for a "fully fledged war" against the US and its allies last July, one day after an American warship microbeniy shot dawn an Iramistakenly shot down an Ira-nian civilian airliner with 290 people aboard. Tehran radio at the time said the disaster would be "avenged in the same blood-spattered sky over the

Soon afterwards, the Iranian leadership made its astonishing decision to sue for peace with Iraq. But the country is far from united behind the regime's new policy of trying to win friends and influence people abroad, and hard-core alements of the apparatus which the Islamic Republic set up to export its revolution may still be in action.

Record **Christmas** flight numbers

By Michael Donne, Aerospace Correspondent

BRITAIN'S air traffic controllers bandled record numbers of air traffic move-ments over the Christmas period, with traffic in some cases approaching peak sum-

mer levels.
The Civil Aviation Authority said that the London Air Traffic Control Centre at West Drayton recorded 3,358 aircraft movements on December 22 alone, well up to an average 1988 summer day. The busiest day in 1988 was July 15, when 3,817 movements were recorded.

Heathrow airport recorded its second busiest day ever on December 22, when it handled 1.107 movements. The record is 1.121, on September 16. Gatwick airport handled 634

catwick airport nanded 334 aircraft on December 23, aircraft on December 23, higher than previous Christmas traffic but below the 690 movements recorded on many

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days this summer.

Manchester airport also handled record Christmas traffic, with 428 movements on December 23, compared with a summer peak of 578 on July 15. In spite of the numbers of flights, delays were fewer than predicted. Restrictions by Spanish air traffic controllers led to some delays of up to two hours, and there were some minor delays in French air-

Imports still

squeezing

footwear

industry

By Alice Rawsthorn

THE BRITISH footwear

industry faces increased pressure on output and profitability as it enters the new year having faced a fresh influx of imports in the autumn.

For the past year, the industry has suffered because of a curve of imported footwear.

eurge of imported footwear fuelled by the strength of ster-ling. The increase in imports

has plunged the industry into a

new round of cuts and clo-

of imports stabilised, albeit at an exceptionally high level.

But the latest statistics from

the British Footwear Manufac-

During the summer the level

Proposed bill 'threat Handful of to unitary boards'

By Ivor Owen

SHAREHOLDERS in Britain's largest companies will be able to secure the appointment of audit committees composed of independent directors under the terms of a private mem-ber's bill to be introduced in the Commons next month by Mr Tim Smith, Conservative

MP for Beaconsfield. The measure will be modelled on the Companies (Audit Committees) Bill, which the late Sir Brandon Rhys Wil-liams finally succeeded in piloting through the Commons after a campaign extending over 18 years and which was rejected by the House of Lords

last May on the day he died. Between 250 and 300 leading companies could be affected by the bill's provisions, which have been strongly opposed in the past by the CBI on the ground that they could under-

in framing the bill Mr Smith a position to assess the pros-bopes to take account of the pects for his own bill.

objections raised to the earlier legislation and, by ensuring that its provisions are permis-sive rather than mandatory, to persuade the Government to hold to the neutral stance it adopted in the Lords when Sir Brandon's measure was opposed by leading figures in industry and the City.

The new bill, like its predecessor is likely to see the predecessor in likely to see the predecessor in the common standard and the common standard th

cessor, is likely to secure cross-party support, but as Mr Smith was unsuccessful in the recent ballot for the right to promote private members' leg-islation in the time specifically allocated for it, it has little

chance of making progress.

If the bill looks like being stranded in a parliamentary backwater, Mr Smith may seek to incorporate some of its key provisions in the Companies Bill introduced by the Govern-ment just before Christmas. By the time the measure had

board of directors favoured by British companies. completed its passage through the Lords, Mr Smith will be in

Police probe Aveling fund

POLICE yesterday launched an Barford's Grantham engineer-POLICE yesterday launched an investigation into an apparent deficiency of at least £1m in the pension fund of Aveling Barford, the engineering company based in Grantham, Lincolnshire, that went into receivership this year.

The commercial branch of the Lincolnshire force was con-

the Lincolnshire force was conducting the inquiry at Aveling industry.

at the end of August. It makes dumper trucks and

COMPANY NOTICES

THE ROYAL BANK OF CANADA US\$350,000,000 Floating Rate Debestures due 2005

tions of the Debentures, the Interest rate for the period 30th December 1988 to Tor the period 30th December 1988 to 31st January 1989 has been fixed at 91% per cent per annum. On 31st January, interest of US\$8,611111 per US\$1,000 nominal amount of the debentures will be the fee persons. nomins I amount of the debentures will be due for payment. The rate of interest for the period commencing 31st January 1989, will be determined on 27th January 1989.

ORION ROYAL BANK LIMITED Agent Bank and Principal Paying Agent

> RAILWAY COMPANY 4% FIRST MORTGAGE **DEBENTURE STOCK**

in presentation for the payment of the half-yearly Interest due February 1 1993 on the above stock, the transfer books will be closed at 3.30 p.m. on January 9 and will be re-opened on January 16 1906.

62-65 Trateigar Square, London, WC2N 5DY

ing works. The company went into liquidation with debts of £40m. The receivers were called in and the firm was sold to a

cranes for the construction

SUPER CHANNEL LIMITED (IM ADMINISTRATION) Notice is hereby given that a Meeting of Graditors in the above matter is to be held at the Connaught Rooms, Great Guern Street, London WCZ on 9th January 1999 at 10em to consider proposals under section 23(t) of the Insolvency Act 1908 and to consider estab-lishing a Committee of Creditors.

N.G. ATKINSON and C. MORRIS

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE is hereby given that the Order of the High Court of Justice. Chancery Division deted the 28th day of November 1998 confirming the radictions of capital of the above-named Company from 12,300,648 to \$1,116,648 and the Minuse approved by the Court showing with respect to the shere capital of the Company as aftered the several particulars required by the 250vs mentioned Act were registered by the Registrar of Companies on the 1st day of December 1958.

Dated this 20th day of December 1988

Titmuss Seiner & Webb, 2 Serjeants Im. London EC4Y 1LT Selicitors for the said Company CB105/M100-1S2

DESTINATION UNKNOWN?

But not for long. Choose one from the WEEKEND FT'S HOLIDAYS AND TRAVEL SECTION, EVERY SATURDAY, FROM DECEMBER 31st.

hopefuls in talks on

Giro sell-off By David Barchard

POTENTIAL bayers of Girobank, the Post Office banking subsidiary being sold to the private sector, have been whittled down to a handful of likely candidates.

The Government is continu-ing talks with four or more likely buyers of the bank, which was placed on the market during the summer. The Bank of Scotland and the Co-operative Bank are regarded as likely purchasers, but other candidates such as TSB seem to have dropped out. At least-one foreign buyer is believed to be still intersected.

to be still interested.
The Post Office's results, published earlier this month, showed that Girobank's profits rose by 30 per cent during the

Pre-tax profits were £13m compared to £10m in the same period in 1987. However, the figure does not include £2m of interest payment on subord-inated debt. The entire post-tax profit of £7m was retained. The deadline for bids for Girobank was extended from the previous limit of November because a suitable buyer could not be found by then. Sticking points appear to have been the price originally being sought by the Post Office, which was far above Giro's net asset value of about £100m, and a commitment to keep the bank's staff and headquarters at Bootle, Merseyside.
The Bank of England is
thought to have expressed reservations about some of the

possible purchasers. Contractors 'hit target

more often' By Andrew Taylor, Construction Correspondent

THERE has been a sharp improvement in the ability of British construction companies to complete contracts within budget.
British contractors devel-

oped a reputation in the 1970s for large cost overrons on contracts, which were often very late.

A study of 35 contracts, completed between 1982 and 1984, by the huilding cost information service of the Royal Institution of Chartered Surveyors showed that many contracts were still completed late but thet costs were mostly kept within budget.

It can take several years to process ontstanding claims by construction companies, hence the long time-lag between contracts' being completed and publication of the survey. The institution said that of 35 contracts between £150,000

and £4m in value, 47 per cent exceeded the tender price but only by an average of slightly more than 1 per cent.

More than 70 per cent of the contracts exceeded the contract period by an average of

15 per cent.
Almost 30 per cent of the delays were because of bad weather and 26 per cent were caused by changes in the con-tract terms introduced by the client or architect. Labour sbortagee and strikas accounted for just 10 per cent.

Diesel car market share 'will ease' By Kevin Done, Motor Industry Correspondent

THE SHARE of diesel-engined during the first half of the cars in the West European car 1980s. market is expected to decline modestly during the next five years from a peak of 17 per cent reached in 1986, according to a new study.
In North America, diesel

cars now play only a minimal role after a eteep drop in demand during the 1980s, while in Japan the diesel share has stagnated at about 5 per cent of the new car market According to a study pre-pared by PRS, the London-

based automotive consultants, and Ricardo consulting engineers, diesel cars enjoyed a short-term surge at the begin-ning of the 1980s. It was sup-ported by concern over the availability of oil and the growing importance of fuel econ-

However, in a number of markets there are now clear signs that diesel cars are on

281,095 and Renault of France

SLD only alternative to

ONLY the Social and Liberal Epping by election, where it came second, to proclaim "we pect of a genuine alternative to pect of a genuine alternative to are the party that can beat the

party will be binding for power at the next general election and not limiting its aims to sharing in a coalition.

He draws on the impetus provided by the SLD's "magnificent" result in the sharing to party mamber and supporter to back the Richmond campaign "where the opportunity awaits to register the first Parliamentary by-election victory for the Democrats as a significant first step on our road to power."

SNP hint of breakaway

Tories, Ashdown says

to shrink to 15 per cent during the early 1990s.

The leading diesel car maker in West Europe is the Pengeot group of France, with an outpot in 1987 of 436,300 cars. It is followed by the Volkswagen group of West Germany with 1992 415 First of Italy with 382,415, Fiat of Italy with

with 270,124. Demand for diesel to 25.3 per cent in Belgium. tion is greatly influenced by national fiscal policies and the level of fuel excise duty imposed in relation to petrol.

West Germany has previously been the biggest single market for diesel cars in West Europe, with registrations peaking at 777,000 in 1986 and a

market share of 27.5 per cent. However, diesel car sales in West Germany dropped by 26.8 per cent in 1987 and are expec ted to show a similar fall in

The share declined to 15.8 per cent in 1987 and is expected to shrink to 15 per cent during Daimler-Benz said its diesel car sales in West Germany had fallen by 17 per cent this year amid the continuing discussion on the environmental compatihility of the diesel engine. The decline in the whole West German diesel sector might be closer to 30 per cent this year. By contrast, diesel car sales have surged in France, with a jump of 31.4 per cent in the

West Europe, is only in sixth place in the diesel car sales league, with diesels taking 4.7 per cent of the total market in 1987. The share has risen steadily during the 1980s, how-ever, from only 1.0 per cent in in the US, diesel car sales have shrunk to a minimal role.

At the beginning of the 1980s diesels were seen as a growth sector in the context of rapidly rising oil prices and the expectation of oil supply shortages.

Those trends have not emerged and diesel sales have plunged from 356,000 in 1982 to

only 17,000 in 1987, according to the PRS report. General Motors has pulled out of the sector altogether.
in Japan, diesel sales have stagnated during the 1980s, with sales totalling 171,000 in 1987 compared with 149,000 in 1982 and a peak of 191,000 in

Diesel cars in the 1990s. PRS Business Publications, 44-48 Dover Street, London W1X 3RF.

turers Federation show a 14 per cent rise in October imports, to 15m pairs worth to a 7 per cent growth in imports, to 165m pairs worth £742m, in the first 10 months of the year. British shoe makers have

managed to sustain the growth manages to sustain the grown of exports, in epite of the strength of sterling. The flow of exports rose by 7 per cent to 18m paire, worth £165m, between January and October.

The BFMF is concerned, however, that the average value of exports fell in the autumn months because of pressure on profitability. One of the chief contributing fac-tors was the effect of the

strong pound on pricing. Moreover, exports are dominated by the men's shoe makers — such as Church's with its classic brogues and Griggs with its fashionable Dr Martens shoes – while the women's shoe makers have proved most vulnerable to imports. The women's shoe sector, dominated by C. & J. Clark and the inated by C. & J. Clark and the FII Group, is concentrated in Leicestershire and Lancashire.

A BFMF survey showe that the profitability of 12 of the largest women's shoe makers fell to 0.7 per cent in the first half of 1988, from 6.5 per cent in the same period in the previous year.

ous year. in 1986 the women'e shoe sector was scarred by rational-isation. Many of the larger

players were forced to resort to short-time working and redundancies, while soma smaller companies closed.

The BFMF recently mounted a formal appeal to the European Commission for the introduction of measures to restrain imports from South Korea and Taiwan. Much of the recent

increase in imports has come from those countries. The appeal forms part of a wider lobby by the European industry to secure restraints on imports of footwear into the European Community.

Shipyard workers offered guidance

SHIPYARD workers made redundant by the closure of North East Shipbuilders at Sunderland are to be offered financial guidance at special

financial guidance at special sessions in the town.

The Sunderland-based North of England Building Society is setting up after-bours clinics at two branches in the new year and all offices will give advice and all offices will give advice during normal hours. Mr Frank Strickland, the society's chief executive, said it sought principally to allay anxieties about mortgage payments.

The strongest growth in pro-duction and demand for diesel Europe, ranging from a market cars took place in West Europe share of 0.6 per cent in Greece second largest car market in Price 5495. Peak Jaguar output undershoots forecast

By Our Motor Industry Correspondent JAGUAR, the UK luxury car in March as rising to 25,000-

maker, increased its production in 1988 by 8 per cent to a record 51,939 cars. However, that was below the company's luxury imported cars from forecast of a 16 per cent jump to 56,000, which was made as recently as March this year.

Jaguar'e ambitions have been dampened by a fall in

pect of a genuine alternative to Conservative rule in Britain, Mr Paddy Ashdown, the party leader, says in a new year message issued today.

He asserts that after the traumas that followed the break-up of the Liberal and SDP alliance and the refusal of

Dr David Owen and his followers to join a merger, the SLD ends 1988 as the party "that all

the others are watching."
Mr Ashdown reaffirms his

determination not to enter into any deals with Labour or the

Owenites. He insists that the

party will be bidding for power at the next general election

THE SCOTTISH Nationalists

tbreatened yesterday that if

Mrs Thatcher failed to concede

their demands they would "exert our national sovereignty

and take our independence."
Mr Gordon Wilson, SNP
leader, said in a new year message that for a nation freedom

was what was taken, not what

was given. He described the SNP's Glas-

gow Govan by election victory as a turning point in Scottish history, and went on to say

that June's European elections,

· · · -

Tories."
Mr Ashdown says that
"many Labour people" are now
openly admitting that they can
never hope to win an outright

majority.

He looks to the by-election in

He looks to the by-election in Conservetive-held Richmond, North Yorkshire — to be vecated by Mr Leon Brittan when he takes up his post as a member of the European Commission in Brussels — to provide another boost for the Democrats.

Mr Ashdown appeals to

Scottisb independence within

the European Community, offered the people of Scotland a great national opportunity. Mr Wilson said the Govan

victory demonstrated the increasing determination of Scots to achieve constitutional

change through the SNP rather

than the discredited remaining "feeble 49" Labour MPs.

ioned devolution, intended to

retain real power in London, is no longer acceptable."

"It also showed that old-fash-

luxury imported cars from Western Europe has weakened significantly this year. Jaguar sales for the first 11 months were 6.9 per cent lower than a year earlier, at 18,687 units.

sales in the US, its single most important market.

Sales in the US were forecast

Jaguar's US sales for the full year are expected to total 20,500-21,000, and in spite of

stronger demand in other mar-kets — particularly in the UK, continental Europe and the Far East — the company has been unable to fully compensate the fall in the US. Mr David Boole, Jaguar pub-

lic affairs director, said the company was forecasting a further increase in output to

In March, Jaguar said it was planning to reach annual production of 60,000 cars in 1989. Production this year comprised 39,282 XJ6 saloon cars, 10,356 XJ-S sports cars, 2,147 V12 saloons and 154 Daimler

all major markets."

limousines.

Jaguar is aiming to expand its narrow sales base in the Far ahont 55,000 cars in 1989, its narrow sales base in the Far helped by an improvement in the US and modest growth in Japan of 1,800-2,000 in 1989

Home launary manufactur-ers performed strongly, deliver-ing 1.8m washing machines of which 25 per cent were costly combination washer-dryers. Sales of dishwashers increased by 25 per cant after a similar increase in 1987.

Microwave oven exports from the Electrolux factory at Luton, Beds, and several Japa-nese companies established in

Britain, rose 350 per cent to £52m in the first nine months

of the year. Growth slowed in the UK, where microwaves are

in use in 40 per cent of homes, although sales still reached 1.8m units during the year. However, Mr Collis was con-

cerned that the strength of the pound might damage overseas

sales. 'I fear that international

speculators' input has a higher Treasury priority than UK manufacturers' ontput," he

Kitchen appliance makers fear high interest rates

By Christopher Parkes, Consumer Industries Editor

CONCERN IS growing that high interest and mortgage rates might hamper recent growth and profitability in the UK kitchen appliances market. "We have found in the past that high mortgage rates have always impacted adversely on our industry." Mr Jim Collis, distances and of Amelica the director general of Amdes, the white goods makers' trade association, said recently. He was concerned that

prices might be cut in the hunt for sales. It would be tragic if the appliances market, which had been profitable for retailers in recent years, followed the pattern of brown goods, such as TV sets, where traders chased turnover regardless of

profit, he added.
Sales of white goods were worth more than £3.5bn at retail prices in 1988, after a

year of strong growth, according to Amdea.

THE FUTURE government of Scotland is top of the agenda for the Labour Party in Scotland at its party conference at Inverness in March, according

The FUTURE government of as the poll tax, which is "clearly against the wishes of the vast majority of the Scotland at its party conference at Inverness in March, according to a list of resolutions pub-

Government tops agenda

provoke debate and division in Several motions welcoming the setting up of a constitutional convention that would instructional convention that would the setting up of a constitutional convention that would for unilateral disarmament.

discuss a Scottish assembly have been submitted.

The giant Transport Workers' Union reckons this is of prime importance in view of government legislation, such

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McAlpine withdraws from government training plan

ONE OF the largest employers involved in Employment Training, the Government programme for the long-term unemployed, refuses to join new schemes incorporating controversial pay rules.

The rules would mean train-

ees would receive an allowance of about £11 a week more than social security benefit entific-ments. The is somewhat less thents. The is somewhat less than trainees received under the Community Programme, which is being replaced by ET. The decision by Sir Robert McAlpine and Sons, the construction company, comes as Employment Department ministers today launch a major marketing initiative aimed at encouraging more large companies to take part in the pro-

ET is intended to offer an average of six months' training to 600,000 unemployed adults a year through a mix of off-the-job-training and work experi-ence with employers. Reports compiled by the

Department of Employment's Training Agency show the pro-gramme, launched last Septem-ber, has suffered from at a shortfall of large employers willing to provide work experi-ence placements. It is running about a quarter below target.

McAlpine's decision is a
severe blow because it was one of a small minority of private

McAlpine says ET involves some "fundamental changes in approach from that we which successfully developed and employed under the Commu-

project in Leeds has shown that participants are not coming forward to work under the new Employment Training rules. Our Board of Directors has therefore, reluctantly decided to undertake no new schemes on this basis."

Many large manufacturing companies have not joined the programme, partly because of union opposition, but also because they judge the scheme will not help them fill vacan-

By Alan Cane

AMERICAN Airlines is tiveness of its Sabre automated

ited licence for the use of Automator software developed by Direct Technology of the UK. The deal will be worth about \$250,000 (£139,000) in the first

Antomator, which has collected several awards, has been described as the world's first software robot.

of a personal computer or workstation, making tasks easier for the operator or carry-

OR thousands of families across the UK, increased mortgage repayments are casting a

shadow across the holiday sea-

son. Even people who have only faced moderate difficulties

so far are aware that things

are going to get much tougher in the new year after the next round of building society (savings institutions) mortgage

rate increases.
"This is normally the quiet-est period of the year," says Ms

Kay Birch, acting manager of

Merton Money Advice Centre.
"Around Christmas, people stop worrying about money until their problems catch up with them at the end of January But this year things are

ary. But this year, things are busy. I had three serious refer-

rals yesterday and in two of them, people were faced with

the possible loss of their

Mortgage rates for most bor-rowers have risen 3 percentage points since the spring, adding

up to about £65 a month in extra payments on a £30,000

mortgage. That is not a partic-

ularly onerous amount for

many families, but according to Mr Geoffrey Brown, a tele-phone financial advice counsel-ior on Housing Debtline, it has

already upset earlier arrange-ments made by indebted people

ing out tasks that would be impossible for a human being. Dr Stephen Norman, manag-ing director of Direct Technology, gives the booking of air-

Seat prices are frequently discounted as the departure day approaches. Automator can be set to run

on s travel agent's workstation so that it searches the airline schedules day after day, book-ing and rebooking until it finds the cheapest seat to suit the customer's requirements.

Dr Norman says this applica-tion of Antomator is already causing some controversy in the travel business.

He says: "The rise in the mortgage rate has led to people being unable to meet repayment arrangements they made on mortgage arrears and loans months back and they have now got to go back to the lender and try to redraft the agreement."

agreement."
Although Housing Debtline
is a Birmingham-based tele-

phone service, Mr Brown iden-

tifles the south east as the leading area for calls from peo-ple in trouble with their mort-

gages. Particularly vulnerable

are people who bought during the spring and summer, when

the housing boom was at its

height.
"A lot of people got over-

committed trying to meet the

Chancellor's August deadline

on mortgage income tax relief," says Ms Alison Skit-trall, principal money adviser

at Homslow Advice Centre.

S Birch adds: People who bought in the pre-August rush did

so after a lot of encouragement to buy and take out mortgages.

Now they may be in difficulties

after they have been in their homes only a few months. They have an instant bad

record from the lender and

have built up no equity in the

Loans become a threat to homes

David Barchard on a warning to house owners as interest rates rise

nity Programme.
"Our experience on a current

cles for skilled workers.

American Airlines says it

Linking travel agents elec-

tronically with airline reservation schedules, it is said now to make more money for American Airlines than operating It now faces competition in

Galileo, computer-based reservations systems being put together by consortia of Euro-

Eurobond houses face penalties over Trax

MANY Eurobond houses next week face the possibility of penalties levied by the Association of International Bond Dealers, the designated investment exchange spproved under the UK's Financial Ser-vices Act.

At issue is the Eurobond market's new trade matching system, known as Trax, which members must use to meet the

members must use to meet the price transparency required of all securities exchanges operating in the UK.

While the AIBD has required its 112 market making members to begin using the system by January 3, only about 25 are doing so now and about 25 are doing so now and it is clear that many will be unable to do so by next week.

These falling to meet the deadline will not be fined if

they can demonstrate that all reasonable efforts were made to comply.

The AIBD's board has not yet agreed on specific penal-ties to be levied. But even the consideration of penalties pushes the organisation, once regarded as little more than a club, further into the role of a

regulator – a role it has been extremely reluctant to adopt. While the AIBD has set a deadline of January 3 for des-ignated market makers to begin using Trax, the system will not become mandatory for all firms until April 3 when the price transparency require. the price transparency requirements of the Financial Services Act take effect for all securities transactions.

The Securities and Investments Board, securities watchdog, says its only concern is whether AIBD members meet the April 3 deadline.

Growing wages gap behind rise in earnings By John Gapper, Labour correspondent

By Norma Cohen

A SUSTAINED increase in West German researcher, Mr wage differentials between Armin Mittelstädt, found difhigh and low-paid groups has been a hidden feature of the ferentials between occupational and regional groups in sharp rise in average earnings in Britain over the past decade, according to a study compar-West Germany have remained relatively stable.

according to a study compar-ing international pay trends.

The study, which compares
Britain and West Germany in detail, found that although average earnings — including overtime pay — in Britain rose by 17 per cent between 1979 and 1987, average wages - or basic pay — have risen by con-siderably less.

The study, prepared at the

Trades Union Congress by a

The best-off British group have been professionals in the

Mr Mittelstädt found the average real annual wage increase in Britain since 1979 has been well above 2 per cent. Between 1985 and 1987 British wage earners obtained an average real increase of about 4 per cent per annum, the report states. Most recent esti-

mates suggest that 1988 will

show a similar trend The rise in real earnings

over the period was 8.9 per cent in Britain. Only Italy had a higher figure with 9.4 per cent, while several countries, including the US and France recorded considerably lower figures with 1.8 per cent and 3.4 per

cent respectively.

However, the study found a significant widening in the distribution of earnings since the

Although average earnings have risen by more than 25 per cent since 1973, the wages of

about 15 per cent.
Mr Mittelstädt argues i would be "more reasonable" for trade unionists to talks about the wage developments of average earners - which include most union members - rather than developments in average carnings.

The study found the occupational wage structures in Britain narrowed until the late 1970s, and then widened

In Germany, there was only "a very small increase" in wage differentials between skill levels over the period.

American Airlines to use UK software for reservation system

sector employers involved in the Community Programme.

planning to use an innovative British computer software sys-tem to improve the competi-

reservation system.
It has purchased an unlim-

It automates the operations

line seats as an example from the travel business.

will use Antomator to update and control the Sabre system, without giving details of the individual projects. Sabre has been a leading fac-

tor in maintaining American Airlines as the second-largest domestic carrier in the US.

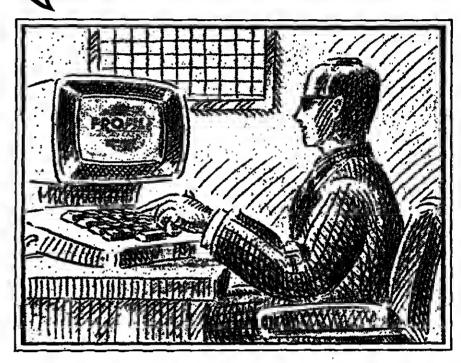
Rurope from Amadeus and

mortgage lender early on.

That, however, is less easy to

do if the mortgage comes from a centralised lender

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property." Fears that house prices may be falling were fanned this in the last 12 months. Homeless doubled since 1979 amid housing crisis

By Joel Kibazo

AT LEAST 370,000 people, and probably many more, will begin the new year homeless, according to a report published

The report, from the housing pressure group Shelter, says the people who make up the 370,000 are those accepted as homeless by local authorities in 1987 – the last year for which there are complete fig-

However, the overall figure - including the "hidden home-less", which includes many groups such as the single homeless - may exceed im.

Shelter says the number of households which lacked a home in 1987 was practically double the figure for 1979. The report links homeless-

ness and the shortage of local government housing. It says supply has outstrip-ped demand, fuelled by rocket-ing house prices and rents. Two factors are cited by the report for the local government housing shortage.

The first is the shrinkage in the stock of these houses. This is largely due to sales under the Government's rightto buy legislation.

The second is that many local government councils will build no homes in the coming year. This is at a time when waiting lists have never been longer.

Poor conditions, over-crowding, increasing numbers of peo-ple living in bed-and-breakfast and other types of temporary accommodation, said to cost millions of pounds, are part of the bleak picture painted by the report, based on information from the pressure group's regional offices. Shelter intends to use the

report as the basis for a cam-paign on homelessness in the new year.

Ms Sheila McKechnie, direc-tor of Shelter, said: "With many provisions of the new Housing Act coming into force on January 1, we think things look set to get worse."

Plea for business network

A LEADING information technology consultant is to appeal to the Government to consider using the planned fifth television channel to create a business communications network rather than for more commercial television, writes

Raymond Snoddy. Mr Stephen Castell, business development consultant for BBC Enterprises, the commer-

cial arm of the BBC, who also carries out consultancy work for British Telecom, believes the concept could revolutionise UK business communication.

If the frequencies being made available for the fifth channel were used instead for data, the transmission rate could be as much as Im char-acters a second, Mr Castell believes. week by a study published by the Royal Institution of Char-Building societies and other mortgage lenders generally tered Surveyors showing that wait until unpaid arrears total more than two or three during the three months ending in November, 17 per cent of months' instalments before set its members reported a fall in asking prices for houses. That ting in motion steps which may end in repossession.

or statistical purposes, they tend to regard arrears of more than six months as being serious was double the number in the previous three months.

It means that people in difficulty with their mortgages
may not find it easy to follow
the advice of their bank manager and sell off their property
and move downmarket. "It defaults which show up in their records. Only a very small proportion of their lend-ing, well below 1 per cent of isn't that easy snyhow, especially for people in debt," says Mr Brown. "There are lots of the total, ever get that deep into trouble. But a much larger number of

hidden costs involved in movborrowers decide to sell up before that point is reached. Such people, trying to clear their debts by trading down in A decision to sell early may be less prudent than it sounds if things go wrong, since it may lead a local authority to the market, would be particu-larly vulnerable if the house take the view that a person

Refinancing through a secured loan is even more dangerous. "Some people stumble into what I regard as extortion-ate secured lending at 33 per cent interest and a brokerage fee which can be £2,000 on top of £8,000 to try to finance their arrears," says Ms Birch. Money Those whose job is to advise counsellors advise people to discuss the situation with their

price index was falling.

"The building societies will not necessarily be as tolerant of arrears as they were in the past," says Dr John Gharlis, fluancial analyst at the PA Consulting Group. "The struc-Consulting Group. "The struc-ture of the housing finance industry has changed

people in debt feel that the scourge of mortgage indebted-ness is only beginning. "Febru-ary to March is the period when interest increases will really begin to bite," says Mr

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Hotel Mercure . in Mougins at the

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. . in St Laurent du Var at the Hotel Novotel Cap 3000

. . . in Valbonne at the

Hotel Novotel

Getting to the heart of the matter

Philip Rawstorne on the British Government's campaign to reduce the incidence of coronary disease

Anthority (HEA) has chosen this week between the seasonal satiety of Christmas and New Year resolutions - to launch a £2m advertising campaign to reduce the rate of heart disease in England.

The country has one of the highest rates of heart disease in the world. Each year, it kills nearly 160,000 people, a third of them under the age of 65. It costs the National Health Service £458m in prescriptions, surgery and hospital facilities; and it is responsible for the

loss of 26m work days. With the long term aim of cutting the coronary death rate by 25 per cent by the end of the century, the Governmentfunded, but independently run, HEA is eeeking to persuade people to: "Make a new start. Look after your heart."

Eight out of 10 Britons eat more fat than is good for them; and a third are overweight. Smoking-induced heart disease kills 35,000 people a year. And one in three people takes no regular exercise.

The focal point of the cam-

paign to change these habits is a 50-second TV commercial, featuring a family in which the

ovarweight father is seen slouched on a eofa, chewing crisps, smoking, eating chips, and standing merely to down a pint of beer, as Diana Ross and the Supremes give point to the acene with their hit song: "Stop, in the nama of love. Before you break my heart." The father eventually shows

signs of taking the song's advice to "think it over" when his family shows increasing concern over his way of life. The HEA has entrusted the campaign to one of the UK's youngest advertising agencies,

Butterfield Day Devito Hockney (BDDH), which impressed the HEA with its pitch last year for the Aids account, though narrowly losing then to BMP Davidson Pearce.

The commercial will run throughout England until February and again in July and August. It will be supported by advertisements in national tabloid newspapers, guides "for people who are only human" offering advice on how to stop smoking, eat a more balanced diet, and take more exercise ("To look after your heart, get off your butt").

The main target audience is manual workers, the C2DE

group, between the ages of 35

and 54 particularly in Lanca-shire, Yorkshirs and Tyne Tees, the three regions where the incidence of coronary heart

disease is highest.
Edwina Currie, who took a close personal interest in the planning of the campaign before her ministerial career was ended-by the eggs controversy, was apparently right in her condemnation of some Northern diets.

But the HEA adds that heart disease is also more prevalent among manual workers because of stress from the boredom of monotonous jobs, or poor working conditions and lack of job security.

Created by two of the agency's partners, Derek Day and Mick Devito, the advertising aims to persuade people who should adopt a healthier lifestyle to do so by awakening their sense of family responsibility. The general presents bility. The agency's research showed, says Michael Hockney, managing director, that "most people get a twinge of guilt when they think of the possi-ble effects of their behaviour on their children's future." Research by both the HEA and the agency suggested that the tone of the advertising would be all important. Hockney says: "It had to adopt an understanding approach. It was clear from group discussions we held around the country that, if people were to respond, they should not be hectored or frightened. Doom and gloom were obviously out. The tone had to be positive and optimistic but not too gentle or bland. People, we found, are ... sceptical about mes-

sages from government and are easily bored by them." Leslie Butterfield, planning director, adds: "It was also vital not to try to compel people to do too much. Most people, when they are faced with demands for abrupt and major changes in their lifestyle, tend to postpone any action. Especially so when they are being asked to give up things they

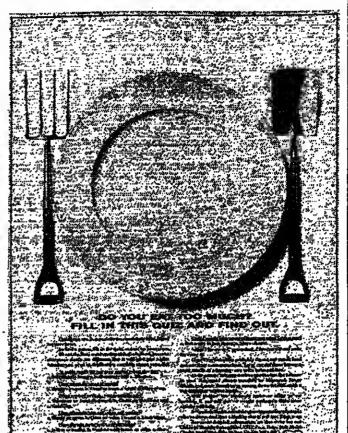
"Our message is that small steps can make a big difference; that we are not trying to turn everybody into a teetotal-ler or a vegetarian, but that a few simple changes, such as cutting down on certain foods or just taking more exercise will improve health and reduce risks. It doesn't have to be exercise with a capital E. Just a brisk walk two or three times a week will do."

But besides addressing its immediate target audience, the campaign is intended to rouse general awareness of the issue and increase support for other parts of the HEA's programme: initiatives taken over the past two years in co-operation with employers, food manufacturers and education authorities. Already more than lm

employees are receiving advice on healthy living in their places of work. Many of the country's largest employers have joined a scheme to pro-vide healthier food in their works canteens, says John Flaherty, the HEA's advertis-ing director. Similar improvements are being made in many school meals. Food manufacturers and

retailers are also co-operating in making more low-fat and low-salt products available in shops; and local authorities are backing special projects designed to encourage health-ier lifestyles.

With a projected budget of £4m in the next 12 months, the programme aims to accelerate these trends. "This is a chance for ordinary people to take a few simple steps towards bet-ter health," says HEA chief executive, Spencer Hagard.



Press ads such as this will appear in tabloid newspapers and will support a television commercial aimed at overweight C2DE viewers between the ages of 35 and 54

When heavy metal reverberates to design

Alice Rawsthorn reports on Robert Taylor's corporate identity

etensibly the worlds of a Scottish iron foundry and a London design consultancy are as far apart as can be. Iron foundries are not renowned for their interest in design, while designers tend not to be associated with the metal workers of manufacturing

Yet for the last year or so, Robert Taylor Holdings, a small Scottish company with interests in iron foundries and plastic mouldings, has worked with Coley Porter Bell, a London design consultancy, to develop a corporate identity pro-

Taylor perceives the programme as a way of improving its performance by creating a competitive advantage and of instilling a sense of collective identity among its subsidiaries. For CPB it represents the consultancy's first foray into the

heavy end of manufacturing. Taylor traces its roots to the 1920s when it was founded as an iron foundry at Larbert in Stirling-

shire. Today it is composed of two foundries - making metal parts for anything from dump trucks to firefighting equipment on North Sea oil rigs - together with its recently acquired die-casting and plastic oulding plants.

Since the mid-1980s Taylor's traitional foundry business has benefited from the buoyancy of its customers in the engineering industry and from the rationalisation within its own sector. With annualised sales of £7m and a workforce of 220 people it is now a flourishing family firm. But Taylor has identified two

areas of long term concern.
First, when it diversified into new activities, Taylor had hoped that its new acquisitions would offer oppor-tunities for synergistic growth by introducing new business contacts to its established activities. Instead it bas found that its sub-

sidiaries have continued to operate as independent entities. thought we had done everything possible to encourage the subsid-

iaries to think of themselves as belonging to a group," says Robbie Taylor, managing director and grandson of the founder. "Somehow

grandson of the founder. "Somehow it did not work out as we had hoped. Each company was doing a good job in its own market but there was no overall benefit to the group."

Second, Taylor was concerned that it had exhausted the potential for improving profitability by increasing the efficiency of its iron foundries. Like so many other foundries. Like so many other foundries, it had suffered severely in the recession of the early 1980s and hauled itself back to recovery through cuts, closures and productivity programmes. By the middle of last year it real-

ised that there would be no more great leaps in efficiency. Taylor also realised that it had done as much as it could - for the foreseeable future - to improve the quality of its output. Moreover, most of its competi-tors had also reached similar levels of efficiency and quality control.

Taylor needed to find a new way of differentiating itself from its competitors. It decided to do so by presenting a coherent identity to its tomers - as part of an initiative of improving its standard of service - and to use that identity to encourage its employees to relate to the group. So it drafted in CPB to devise a programme.

CPB began by interviewing a cross-section of Taylor's employees to find out how they perceived the company and how their perceptions differed from the identity that Tay-lor wanted to project. It also com-missioned a market research company to analyse the attitude of Taylor's customers.

The results were far from reassuring. "The worst response was from a customer which was 'not over-impressed' by our service," says Rob-bie Taylor. "But we did not like a lot of what we heard." CPB presented its conclusions to Taylor's annual management con-

ference in June. The cost of a corpo-

rate identity programme - about

£120,000 in total - was high for a company of its size. "But we realised," says Robbie Taylor, "that we

just had to go ahead."

The new identity will be unveiled in early March. The company, with its four enbeidiaries, will be renamed the Taylor Group and a new graphic identity will be applied to everything associated with it.

CPB has also devised a programme to improve communications within the group. There will be a series of briefings, leaflets, videos and exhibitions to unveil the new identity to employees. A regu-lar newsletter will be introduced and notice-boards will be installed to ensure that employees know what is going on around the group. Taylor also intends to forge closer links between management and workforce. Factory canteens are being converted into communal eating places. It is also considering the introduction of new pay structures and forms of team briefing. Some

parts of its production plants will be

redecorated to reinforce the sense that the group is changing.

These internal changes will be accompanied by a programme to improve customer service. Teams of employees, drawn from every level, are being sent on visits to customers

to discover what sort of service they need from the group. Taylor has already begun to monitor the delivery record of its subsidiaries in much the same way as it has tradi-tionally analysed scrap metal levels and production efficiency.
Robbie Taylor hopes that the internal changes will be completed

over the next few months so that the subsidiaries will be in a position to offer a higher standard of service when the new group identity is unveiled in March. We know we cannot expect miracles," he says. "But the design programme has already helped us to look more closely at the way we go about our business. And we will

work very hard to make the most of

The world's biggest ad spenders

THE BRITISH Government has won an unlikely accolade for its extravagant advertising campaigns. Splashing out an estimated \$150m on its privatiesumated \$150m on its privati-sation promotions during 1987 gained it 28th place in a league of the world's biggest advertis-ers prepared by Advertising Age, the US marketing weekly. Sandwiched between C&A, the Dutch retail group, and Kellogg, the cornflake people, HMG helped keep the European flag flying in a year which saw six European companies drop out of the top 50, giving up their places to Japa-

9

ese advertisers. The rankings, based on an annual study of spending in all countries other than the US. were led by Unilever, the Anglo-Dntch group, which faced an estimated bill of \$732m, leading Procter & Gamble (\$724m), Nestlė (\$483m) and

Nissan (\$312m). However, when the bills for US promotion were included, Unilever's \$1.3bn total spend relegated it to third place behind Procter with \$2bn, and

Philip Morris on \$1.7bn.
The fact that the European soap-to-soup group spends 44 per cent of its global above-the-line promotion budget in the US market which yields only 19 per cent of group turnover and 17 per cent of operating profit, serves to stress the ferocity with which US compa-nies defend domestic markets. Total spending in all mar-kets by the top 50 companies was almost \$20bn, compared

with \$15bn in 1986 The presence of 29 Japanese names in the league table (which excludes US spending), compared with 10 US companies also suggests a sharpening of competition from the Far East. However, included are brewers, retailers and Japan's national telephone service which have little presence outsids Japan. Still, the Nissan and Toyota motor companies, placed fourth and sixth, well ahead of Western car makers, the presence of the Fuji film businsss and the absence of Kodak clearly underlins Japan's aggressive international marketing tactics.

European companies dis-placed from the rankings last year were Siemens of West Germany, Peugeot of France, Cadbury Schweppes, Hanson Trust, Rowntree of the UK and Barilla Pasta of Italy.

Christopher Parkes

TECHNOLOGY

sk almost any modern urban dweller to identify the major problems of the cities and the chances are that you will hear a catalogue of social difficultles - crime, drugs, prostitution and illegal gambling. Ask about the environment and, after pollution, the answer will be sewers. Like smog in the 1950s and acid rain in the 1980s, the probiem of antiquated, dllapidated metropolitan sewers seems intractable. How do you replace or renovate these underground channels for human and industrial waste, or for that matter the ageing water pipes which supply the inhabitants' daily needs?

Bill Menzel, a smiling and inventive Australian engineer, thinks he has the answer. It lies in Rib Loc, a quoted Ade-laide plastic piping company which draws its name from a patented technology which Menzel licenses or franchises around the world. We're an intellectual prop-

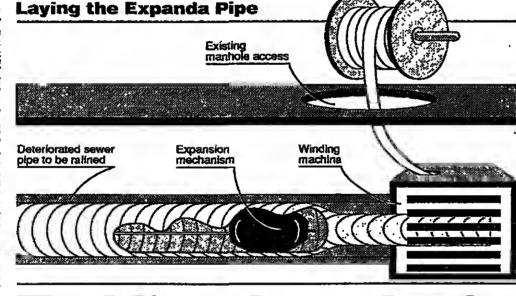
erty company," he says simply.
"We have found a new way of
making plastic pipes."
Menzel's father and brothers were in plastics and the family

built up a successful piping business which Reed Interna-tional bought in 1968. Urged to stay on, Menzel worked for Reed in the US and masterminded the commercialisation and marketing of a sophisticated drip irrigation system which now waters farms and gardens all over the world. Sales of plastic tube with hydraulic emission devices run to hundreds of kil-

ometres per year.
When Reed left this field,
Menzel was wealthy enough to be independent, but still restiess. From Australia, his brother asked him to look at the market for plastic air ducts reinforced by spirally wound wire, the kind often seen over domestic ovens. This set him thinking could there be a new generation of spirally wound piping strong enough not to need wire reinforcement?

After much thought, and astonishingly little experiment, Menzel came up with his basic answer, now refined into the Rib Loc system. It involves, first, the manufacture of a narrow, ribbed plastic strip with interconnecting edges and, sec-ond, the use of a specially designed winding machine to twist this strip into a tube in which the edges overlap. To make the connection firmer, an adhesive is also applied.

Because the ribbing runs longitudinally along the initial strip, it ends up bent around the tube's circumference, giv-



Tackling the task of renewing sewers

Chris Sherwell examines a plastic pipe-laying technique developed by an Australian company

being made of plastic, the tube is very light. It can be made to any length and in a range of diameters. Even more practical, it can be made on site simply by feeding a roll of strip into a portable

Rib Loc machine.

The tubing is euitable for

strength. At the same time.

storm drains, irrigation pipes, electrical and air ducts and as a mould for pouring concrete columns in buildings under construction. It can be further strengthened by adding strips of other material, such as steel. Yet this is only half the story. Menzel's real break-through lies in a technique he has developed, called Expanda Pipe, to line existing pipes. including sewers. Here, the Rib Loc machine produces its customary tube slightly smaller than the one being lined. But once in position it is twisted again so that it expands conically, from the far end with the help of a mechanism, to fill the

space available. The machine is small enough to be lowered into a manhole and fed with plastic strip from above. An adhesive is still applied as the tube is formed, but a slow-setting type is employed which only fixes tha interlocking edges of the pipe after the twisting process

is complete. To help cope with the vagaries of underground pipes, Rib Loc is devising ways of employing video cameras, robots and computerised mapping to offer a complete system of sewer renovation.

As with most elegantly simple inventions, there is more to the Rib Loc system than meets the eye. Because plastic is involved, there is a trade-off

The ribbed plastic strip is twisted into a tube with overlapping edges

between the material's softness and flexibility, on the one hand, and the integrity and strength of the tubes on the

Likewise, some complicated calculations lie behind the height and chape of the T-sbaped cross-section of the ribbing, so that the best possible strength-to-weight ratio can be attained.

The other tricky part is more commercial than technical deciding how best to convert the idea into a profitable business proposition. The interesting thing about Menzel, whose contributions to plastic pipe technology have won him the OBE and the Australian equiv-alent of a British knight bache-ior, is that he is almost as much the businessman as the

He now has half a dozen basic Rib Loc inventions patented internationally, making a total of around 120 patents. On top of this, some 26 ideas are at the provisional patent stage. But over the past two years, since he floated Rib Loc, he has switched preferences over the group's future

Hitherto, Rib Loc domestlcally has tended to manufac-ture the products itself from plastic strip made by others on its behalf. Internationally, it has licensed the use of its patents, and reached agreements with companies in some 16 countries which provide upfront fees and royalties.

This is not being abandoned. But with the evolution of the technology and further research and development, Menzel now wants Rib Loc to become a franchising operation, reaching joint venture agreements with companies for specific applications and sup-plying them with the plastic be when I grow up."

The ooe specific technology Menzel has in mind, of course, is the pipe relining technique for old sewers and industrial

and water pipelines - known as "trenchless technology". He says his home town of Adelaide (population 1m) expects a sewer system bill of A\$100m per year for 10 years commencing in 2005. Washington, the US capital, has budgeted \$150m for repairs over the next three years. Some cities already have tens of kilo-metres of failed sewers. The potential world-wide market

runs to billions of dollars.
Before Expanda Pipe, Menzel
says the company was "just
another pipe maker." Now, "we don't have to compete with other liner materials. The traditional methods of repair and replacement no longer apply.
And because the price of the pipe will be incidental to the overall project, we can secure bigger margins and earn better returns than licensing fees

offer."
In practice it means a different style of business – reaching technology agreements rather than liceusing deals, marketing specific applications rather than selling a range, preaching about the idea in

many countries rather than dealing with a few.

Menzel has concentrated on Europe so far. In the US he is talking to companies like the Bechtel group about opportunities following a successful demonstration in Washington in October

October.

It would be wrong to think that Menzel has this field to himself. There is at least one other major competitor, the Channel Islands-based Insituform, and plenty of little ones Institutorm uses a different technology based on resins and felt and is also seeking to expand through the franchising method.

More generally, Rib Loc is still fighting to compete on costs against traditional pipemakers. As Menzel admits there is no way plastic piping will take on concrete and steel directly. "We are seeking niches, specifically in the area of non-corrosive materials."

At 64, Menzel remains actively committed to Rib Loc. He owns 51 per cent of it, his son and son-in-law are both involved in the business and an engineer, Mike Heard, is

general manager.

"It would be easy to sell out," he says. "But this idea is really too good. I think one should be jealous of intellectual property. Periode 1911 tual property. Besides," he adds, "if I sold, I would still have to decide what I want to

strip and technical support to Junk food' to kill dry rot

A RESEARCH team at Oxford a way to prevent dry rot in buildings. Instead of consuming the timber, the dry rot fungus asts "junk food" specially laid down for it on the timber surfaces. Sarah Watkinson, a

mycologist in the bo department, says the fungu-shows a preference for the scientists' synthetic offering, which is an amino sold similar to those it derives from timber. But the "junk food" does not sustain it. Watkinson says

the fungus "gorges on the synthetic substance" but soon finds that the food it has auten is of no value. Then the spread of the rot is halted. The work has been the work has been supported and patented by the British Technology Group, which alms to spread new technology into Industry by supporting and Ilcensing it.

to reach commercial viability. The Oxford team, under Professor F. R. Whatley, is also looking at fungal infections in trees. For example, it is studying the volatile substances given off by plants and fungi to try to discover if these are used to communicate in some way (there is already evidence that trees can produce

But more funds are needed

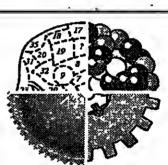
Whatley says that if the learn can understand how this works, "it should be possible to confuse the spores of harmful fungi into germinating on the wrong surface, where they will die."

Computers race against time

IN THE US, the Department of Energy's Argonne National Laboratory has been testing some of the assumptions about the speeds of the world's big computers.

The laboratory's computer experts devised a set of linear equations (algebraic equations which are notorious for the emount of computation needed to solve them). Then they fed the equations into 100 different makes of computer.

Cray machines were the fastest, the model Y-MP/832 taking four milliseconds (thousandths of a second) to carry out the necessary 700,000 additions and multiplications. More than half the machines completed the work in less than one



WORTH WATCHING

Edited by

Geoffrey Charlish The times for machines

more typically used in Industry and commerce, such as the Digital Equipment Corporation's VAX11 and the Sun and Apollo workstations, were between five and 10 seconds. A typical personal computer, the Apple Macintosh, needed almost ture minutes.

Argonne says that the SX-2, made by Nippon Electric Company of Japan, which is believed by many to be the fastest machine, finished 12th in the speed test.

Could do better at maths THE MATHEMATICS of

science and engineering are not well catered for in most word processing (WP) software. This has partially inhibited the use of WP in those areas, according to **Data and Control Equi** of Aylesbury in the UK.

The company believes existing general purpose WP packages have limited mathe ability white "scientific" packages have tended to be both expensive and clumsy. So it has introduced software from the US called T-Cubed, which will work on computers using the DOS and OS/2 operating systems.

it offers more than 1,000 pre-defined characters and formulae, 20 keyboard layouts and 40 fonts.

Users can also design their own characters and keyboard layouts and record sequences so that they can be recalled T-Cubed costs £750.

A Sentinel to protect software THE ILLEGAL use of copied software continues to be a problem in the personal computing world,

representing a significant loss of revenue for software

Unprotected programs, on copled on to a machine's internal hard disk and then again on to a second floppy. Programs are probably more expensive than they need be because the software supplier has raised prices to

The so-called "hardware kev" lost favour because people with some computing knowledge did not find it hard to defeat. (Hardware keys are computer that work with the application program. The program cannot run without

being "unlocked" by the key.) Now, however, Rainbow Technologies, of Slough in the UK, says it has e much more secure, compact, chip-based key, the cost of which can be absorbed by the software company.
Called Sentinel Pro, tha
matchbox-sized unit has to

be plugged into the printer cet on the compu before the software with which it is associated can be run. Embedded in the software at strategic places are "questions" which are asked of the Sentine! Pro unit. If it is not plugged in, the progrems cannot be executed.

A unit has to be provided. A unit has to be provided

by the software house with each copy sold. The idea is likely to be viable for software suppliers offering programs at more than £150 to £200.

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On and off 30bn times a second THE SIZE of the electronic

circuits on "chips" continues to diminish. in New York, IBM's laboratories have revealed circuits with parts only a quarter of a micron (millionth

of a metre) wide, or about 300 times thinner than a hair. The circuits use CMOS (complementary metal oxide semiconductor), which IBM believes is the technology most likely to dominate the

It says the transistors used on the chip can switch on and off 30bn times a second. If the company's personal computer PS/2 were built with them, it would run nearly as fast as today's mainframe

CONTACTS: 0 xford University Development Office: UK, 0865 270009. Argonne: US, (312) 972 5880. Rainbow Technologies: UK, 0753 41512. Data and Control Equipment: UK, 0295 432971, IBM: UK office, 0705 321212.

Weish National Opera produced

this year three operatic miracles, albeit of different orders and levels

of miracle-working. Salome, staged by André Engel and led by Charles Mackerras, that most complete and many-sided of opera conductors, came in the same month as Covent Cartley's and heaven the same month as Covent

Garden's, and, because it opened interesting new angles and lines of

thought on the piece, rather stole

march on its rival, which didn't.
When the planned WNO Traviato

new-production team defected at a late stage, the acquisition of Göran Järvefelt's Wiesbaden production, hard-edged, metallic, and uncom-fortably thought-provoking, was a

coup - it was not moving, but that may have been the fault of the sym-

pathetic, not very commanding

cast, since Mackerras's conducting was again outstanding. And the Peter Stein Falstaff at Covent Garden seemed a miracle of the most

It was hard not to compare this with another of the year's Peter

Hall disappointments, the new Glyndebourne Falstaff — not at all the "Mozartian" Verdi one hoped for, but a bag of not very amusing tricks, recklessly undercast and, by Haltink in his last Glyndebourne

production, uncolourfully con-ducted. But it is never a good idea to write off new Peter Hall produc-

tions, since their revivals may cause word-eating. Last year's less than-triumphant Traviata, for

instance, came back this year, transformed by Fiorella Pediconi's wonderfully Italianate Violetta and

Sian Edwards's diaphanous, for

ward-moving conducting.
Glyndebourne's other new 198

Glyndebourne's other new 1989 production, a bugely compelling Katya Kabanova, marked the start of a new cycle, and made one look forward to the 1989 Jenuja by the same team of Nikolaus Lehnhoff (producer), Tobias Hoheise (designer), and Andrew Davis (a stable too looking edge-softening

rather too loving, edge-softening Janacek conductor). Nancy Gustaf son's Katya was radiant, the only

blot was the use of the original Caech by an entirely Anglophone cast, and surtitles in their Glynde-

LV burgh's Paul Bunyan

semistaging by the American singers and conductor from the Virgin Classics recording – an evening of delight – and, at Cheltenham,

Opera North's mildly ingenious

attempt at Handel's Acis and Gala-tea in the Mozart scoring.

Further afield, it was, of course

the year of the new Bayreuth Ring, the international event par excellence — staged by Harry Kupfer (grey, violent, ugty, kitschy, fleetingly impressive), conducted (unbelievably erratically) by Baniel Barenboim, and made intermittently bearable by the heroic singing of Siegfried Jerusalem (Siegfried) and

Siegfried Jerusalem (Siegfried) and

John Tomlinson (Wotan), welcome newcomers to their roles.

I prefer to forget the tension, th

pretensions, the claustrophobia, and

the hideous concluding roar of boos and cheers, all of which character-

ise the Bayreuth experience, and, instead, to remember 1988 by two events of infinitely smaller scale

and volume, which together cap-

tured the modern face of opera

y remaining British

operatic festival-going was confined to Alde-

bourne debut. Nonsense!

complete sort.

he main news of the operatic year is that the Royal Opera continued to show distinct signs of its long-hoped-for revitalisation. The pro-cess is in no way complete, and in 1988 the company was not spared the familiar dip into artistic mis-judgement or disaster, but the dif-ference between ference between the preceding "slough of despond" years and this one could hardly be missed. If one adds the fact that the other main British companies (also, of course, not without disasters on the way) survived a year of ever-more difficult existence, and that the fringe and festival scene seemed in reasonable shape, the picture of operatic vitality in Britain was once again a fair one.
It is the tradition of this annual

review to open discussion with cries of woe over the imbalance between available talent (abundant) and investment therein (in the form of public funding, and diminishing all the time) that persists in this extraordinarily arts-rich, arts-neglectful country. This year it will be a tradition skirted: not because the attraction was comparatively less alarming in 1988 than in previous years — I believe, for example, that certain newly wearying features of English National Opera activity would be immediately ameliorated if dependence on box-office returns was not so knife-edged - but because there seems no chance of rectifying the situation. Not in the current Gradgrind scheme of things, anyhow.

It was in 1988 that the Royal Opera bade ferewell to its general administrator of 17 years, John Tooley, and installed his successor. Isaacs. It is still too soon to say whether the new man and his new team (Covent Garden have added John Cox to their staff, as directorial Aufsaher, and have for the first time acquired a dramaturg, Patrick Carnegy) are successfully cleaning out the cobwebs, or even getting within duster's reach of them. The possibility must never be ruled out that in the end the sheer nightmarishness of International Opera will defeat their ambitions.

In the closing months of the Tooley era there was a sadiy protracted reminder of some of the problems that loom in any worldranking house. These were largely tenor problems (as they so often are) in Un ballo in maschera (the vagaries of Giacomo Aragall necessitating a troup of replacements), Peter Grimes, and Lohengrin (which Placido Domingo "removed from his current repertory") — but not entirely so, as the 11th-hour defec-tion of Margaret Price and Ferruscio Furlanetto from the all-star Don

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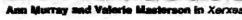
- to reform

Giovanni demonstrated. Producers also caused a few ups and downs. The timespen between start and termination of the Ring collaboration between Yury Lyubi mov and Bernard Haitink was star-tlingly short; Lyuhimov's Rheingold will never be seen again (having mildly enjoyed some of its "naive," theatre of poverty inventions, I feel sorrier about this than most of my colleagues, even though none of us seemed able to imagine how the rest of the tetralogy could be built on such a filmsy foundation). But at least the announcement was speedily made - compare and contrast the way similar crises were presented (or rather, denied) to the public in the not-too-distant past — and the decision to bring in GOZ Fried-

the decision to bring in Gotz Fried-rich's Berlin Ring cleanly taken. (The argument over whether Lon-don wants or needs another Fried-rich Ring is already raging.)

The long-range plans of the "new boys" have only begun to be effectu-ated, and so to take the total artistic achievement of the Boyal Opera in achievement of the Royal Opera in 1983 as any kind of sign or portent would be an error of judgment. It was, in fact, a middling sort of year: was, in fact, a minding sort of year; only one real disaster among the new productions, no unqualified successes. The rock-bottom staging was Bill Bryden's hapless, hopeless homespun Parsifal, redeemed (as was Das Rheingold later in the year) by Haitink's admirable clarity and cogency of musical design and by distinguished singing, particularly from Waltraud Meier (Kundry) and the promising Peter Seiflert in the title role, and, in Rheingold, from James Morris, Ekkehard Wlaschiba, and Helga Dernesch. But - to put it







John Rawnsley, The Magic Flute



Elizabeth Connell and Renato Bruson in Macbeth

Opera in 1988: FT critics review a year of triumphs and tribulations great and small

Strong showing from a revitalised ROH

den Wagner record of recent years.

In Michael Tippett's 80th birthday
year I admired Nicholas Hytner's
staging of The Knot Garden far
more than many people, ditto the
recent Nuria Espert Rigoletto which will surely come into its own when cast and conductor (the tal-ented but rather curiously chosen young German Michael Boder) reach the level predicated by its grand seriousness and sobriety.

Anna Bolena was mounted, on the tatty, glitzy chean, for Joan Suther-land: but one felt that, for this great singer ou this never stated, last-gleams-of-sunset showing, retire-ment could not be long delayed. "Rosaini's Italiana and Puccini's

Butterfly were borrowed from, respectively, Vlenna and Glasgow; Peter Hall's return was in a Salome shared with Los Angeles – a piece of underproduced dreariness redeemed by the mesmerising, deeply disturning Maria Rwing in the title role — surely one of the memorable performances of the British operatic year - and the lendid Christoph von Dohnanyi in

the pit.

It was, however, in the quality of revivals that faint gleams of hope were most detectable. Again, there was one disaster, the disgracefully flaccid, ill-prepared end-of-season Boris Godwov, a mangy "tribute" to the memory of Andrey Tarkovers its moducer but it was for a sky, its producer; but it was for a change counterweighted by a larger share of the opposite kind. My colleagues welcomed Jenufa — it is as well to recall David Murray's justified phrase "plain triumph" when considering Lyubimov's subsequent Correct Correct Section Sections — Did Ent. Covent Garden fortunes - Die Entfiltring, and the restaged Minnor. I was thrilled by Gwyneth Jones's far more greatly by Peter Grimes, with Jacque Trussel, Victor Braun, and the hearthreaking Josephine Barstow, than 1 had expected.

But it was Macbeth, with Eliza-beth Connell (her most hrilliant London showing in several seasons)

One should begin by recalling new

operas, and even the new pieces by John Adams and Philip Glass, before they slip the mind. Not that Karl-Heinz Stockhausen's Montag is likely to do that; the third and

latest instalment of his ongoing, megalumaniac days-of-the-week cycle Licht, it seemed at its May première in Milan to be no less

crary a dramatic farrage than its predecessors, but musically ground-breaking too - no excuse

At least we have now had Messiaen's five-year-old St. François d'Assis, almost as quirkily grandi-

ose and even longer, resourcefully semi-staged by Michael Rennison in the Festival Hall and conducted

with dauntless vitality by Kent Nagano. The composer's score, innocent of revolutionary inten-

for easy jeers.

politely - 1986 did not add anything useful to the dim Covent Garden Wagner record of recent years.

In Michael Tippett's 80th birthday year I admired Nicholas Hytner's and Renato Bruson, that provided the near-fulfilment of a revival ideal. It was conducted with enthralling grandeur, wisdom, and streugth by Edward Downes, Britain's senior Verdi conductor. One wonders why he was not given the new Ricoletto. I hate the newlook programme books, grossly overpriced, ill-designed, and hard to read; and, on the subject of the now-omnipresent surtitles, I tried in 1988 to spare FT readers my regular outbursts of irritation and despair. English National Opera is begin-

ning to warry me. The Coliseum continues to be a place where, on the right night, opera-as-drama comes alive with new meaning. Billy Budd, produced by Tim. Albery, conducted by David Atherton, with Thomas Allen overwhelming in the title role and Philip Langridge and Richard Van Allan hardly less tremendous alongside him, had the look, the feel, the sound of one of the classic "right nights." So did the quite enchant-ingly funny, delightful, magical new Magic Flate produced by Nicholas

Joan Sutherland in Anna Bolena

tions, amounts nearly to a Mes-

sizen retrospective, though there

are a couple of graninely new Mea-staonic strains. Less could be said for Philip Glass's The Making of the

hepresentative for Planet 8, staged without the saving flair that his Akimuten culoyed two years ago.

Much inspired flair went into the

Houston Grand Opera's spectacular import to the Edinburgh Festival, Peter Sellars' staging of the show which was his own hrainchild,

Nizon in China, with music by John Adams on thoughtful verse by

Alice Goodman. Houston's televi-

sion team were not so clever; I thought that the filmed version shown on Channel 4 falled to cap-

ture either the scale or the cool wit

Hytner, with John Rawnsley's truculent, softhearted Yorkshire Papa-geno its single outstanding feature. Many colleagues have found the first British staging of Rimsky-Kor-sakov's Christmas Eve, by David Pountney, less tricked-up than I did and anyway, there's no denying the abundance of stagecraft that has been sauced over this insubstantial holiday fare. Revivals of the award-winning Xerzes and controversial Simon Boccanegra were presented at full strength.

hat bothers me is that the need to fill every sext seems to be becoming dangerously dominant in repertory balance. Would the company really have put on Glass's Making of the Represen-tative for Planet 8 — rather than some other, less empty new or neglected piece - if the packaging (shared costs with several houses) and guaranteed sellout for Glass were now not such seductive entice-ments to a financially pressed company? Would Reimann's Lear, an by the demands of artistic balance.

Soviet Union, revived for Glynde-

bourne, betrayed unresolved differ-

ences between producer, composer and librettist (Craig Raine). Sellars

has renounced any further Euro-

Among new productions of familiar pieces, I remember with pieasure the pocket-version of Puccini's Turandot which the Stockholm Vol-

kopera brought to Edinburgh, and Prokofiev's Love for Three Oranges

as realised in comically earle style for Opera North by Richard Jones, Sue Blane and the Brothers Quay.

The Alx-en-Provence Festival

boasted two distinctive Mozart pro-

ductions, a gravely intense Cle-

Oper ohne Musik if ever there was one, really be arriving shortly, in a borrowed German staging, if it were not for similar package-rationale?
In the present British artistic climate, with peranoid Colonel Blimps proclaiming the death of modernism and the dawn of "new realism"

on all sides, real chance-taking is not likely to be encouraged on high; the plight of a company such as the ENO is not to be underestimated. But what is one to say about the continued presence on the schedule, with performances stretching out to the crack of doom, of Orpheus in the Underworld, in a production counting as one of the most opportunistic in London operatic history? (This year, amplified spoken dialogue was an innovation which increased its horrors.) Or the rubbish-dump Carmen? Or the broken-backed 40s Tosco and inert Barber? Even when it is a case of something as lively as The Fluts, or the revived Mikado, the planned number of perfor-mances appears to have been dictated by the house accountants, not

English Chamber Orchestra). At

the Bregenz Festival Steven Pindott brought Saint-Saens' hackneyed

nson et Dalila to memorable, dis-

Covent Garden commissioned a

gleaming new visualisation of Tip-pett's The Knot Garden from Nicho-las Hytner; conductor Sian Edwards made a vivid Royal Opera

debut with it, and though we lost too many of the words we gained the fine electric guitar part omitted

from the original performances.

Miss Edwards also led a vital

Traviata at Glyndebourne, where

Peter Rail's 1987 production was graced by Fiorella Pediconi's toughly imagined and affecting

heroine. In a tame Royal Opera

(I would never dream of suggesting that box-office awareness is unimportant, hut it does not provide all

In these ways the ENO, the bust-est of British opera enterprises, gives the impression of paying a high price for staying in existence. For anyone who admires this company at its incomparable best, this is a situation not to be viewed without qualms.

I saw three of the four Scottish Opera new productions, and gave the company a two-out-of-three score. The invitation to Simon Callow (as producer) and Kit Hesketh-Harvey (as translator) to make their operatic debuts in a modernised Clasgow-in-1988 Fledermaus was the failure, full of damp squibs and missed opportunities. But La Boh-ème brought together Elijah Moshinsky, the company musical direc-tor John Mauceri – what an asset to British musical life he is turning out to be! - and an interesting cast to find new freshness in the not-always mainkable masterpiece. And Cosi fon butte, though musically and vocally somewhat uneven, had something new and fresh to say in Richard Jones's wry, deliciously quirky staging. (For this, and for the continued success Kent Opera enjoyed with Judith Weir's Night at the Chinese Opera in Jones's production, one was almost prepared to forgive, if never to forget, the total botch this talented young producer made of Kent Opera's greatly-

looked-forward-to Count Ory).

Opera North's tenth anniversary season, which included among other things the new Fidelio lamented by Rodney Milnes in these columns, was given on another knife-edged budget - it is not only the elder-sister, company in London which is beset with problems (the for Fidelio withdrew when the budget was found to be insufficient). A recent visit for revivals of The Pearl Fishers and the splendidly imagina-tive "small house" Aida showed the company spirit as youthful and wholeheartedly committed as ever.

Cambridge University Opera Society put together a modernised account of Gluck's original-version version Sergei Leiferkus's Onegin kept the voltage up, as did Della Jones's heroine in an otherwise dickey Barber of Seville repeated at Orpheus - modern dress for hell 18th century for heaven - that touched the nerve-centre of the opera. Then the English Bach Festival came to Covent Garden, for a At the same address, David Pountney's elbow-jabbing new production of La traviata never really justified itself; but a revival of Joschim Herz's stark Fidelio sketch

was distinguished by the blazing commitment of its leading couple, Kathryn Harries and Graeme dance of operatic taleut in this Matheson-Bruce. Back at the Royal Opera, Ashley Putnam, Eva Ban-dová and Jan Blinkhof — with concountry - talent that is so often forced to live a fly-by-night, hand-to-mouth existence - the juxductor Christian Thielemann - did as much for Janácek's Jemeje in the taposition of these two Orphei, and the two completely different kinds of valid artistic achievement they represented, could provide me with no more attractive example.

and specially of British opera - at its most appealing.
In the final week of January

finely researched, mounted, and danced "period" account of the same work (in its later French edition) that by a completely different route managed the same feat.

If I wanted to prove my opening point about the extraordinary abun-

David Murray

sternly non-picturesque Lyubimov staging: by any standard, an expe-rience to be treasured. menzo di Tito by Michael Cacoyan-nis on a chamber-scale, and an inventive, appealing and strongly cast Cosi fan tutte, by Denis Llarca (with Jeffrey Tate conducting the of the Sellars production. By com-parison his staging of Nigel Osborne's The Electrification of the revival of Eugene Onegin, Mirella Freni as Tatyana revealed mature new depths. In the Scottish Opera

turbing life.

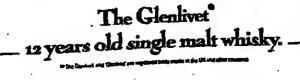
What put the Sir in Sir Walter Scott?

It has been commonly assumed that Sir Walter Scott was given his knighthood for services to literature.

However, there is a school of thought which is puzzled by his constant publicising and praising of The Glenlivet single mait whisky. It is mentioned frequently in his writings. . The Glenlivet® was also the

Monarch of that time's favourite whisky. It was said "he would drink nothing else". is there a connection

between these two facts and his knighthood? I believe we should be told. .



EXHIBITIONS

ARTS GUIDE

The Royal Academy.
Tooloose Lautrec: The Graphic
Works. Comprehensive selection
principally of lithographs, from
the definitive collection made

by Otto Gerstanberg of the graphic work of this brilliant and impovative draughtsmen. Ends Jan 4. The National Gallery, Rem-brandt: Art in the Making. A menor: Art in the Maxing. A small but highly informative study exhibition, treating on Rembrandi's working methods and materials. Ends Jan 17. The Tate Gellery. David Hock-ney: A Reirospective. London's

main gallery of modern art offers a full study of the golden boy of British art at the age of 50. Ends Jan 8. The Whitechapel Art Gallery. Richard Descon: a major exhibi-tion of the complete and in tion of the sculpture made in the past 2 years by the young winner of the Turner Prize in 1987. Also an installation by the

peinter, Kate Whiteford, Daily except Mondays. Until Jan 22. Louvre, Pavillon de Piore. Rembrandt and his school are on show in two exhibitions at the

Louvre. 72 drawings constitute a panorama of Rembrandt's mas-terly work and can be compared with 54 drawings executed by his pupils. Entry from the Quai des Tullerias, opposite Poutroyal (42 60 39 26). Centre Georges Pompidou. Tin-guely's tinkering genius sets his machines swiring and whirring in a riot of colours, yet the-mood of the 100 exhibits moves

tionio metaphysical preoccupa-tions in his recent works. Closed Tus, Ends March 27 (42 77 12 33). Tus, Ends March 27 (42 77 13 33).

Le Louvre des Antiquaires.
A show of wallpaper from 1720 to 1930. The exhibition displays 300 samples of this decorative art and shows how its development followed the changes of fashion. There are 18th Century hand painted pupiers chinois and penels of Reveillon's Royal Manufarture followed by revolution. ufacture followed by revolutionary symbols. 2 Place du Palais Royal (42 97 27 10), Closed Mon, ends April 2.

Brussels Musées Royaux d'Art et d'His-toire, Parc Cinquantenaire. China, Heaven and Earth, 5,000 years of invention and Discovery. instruments and artworks largely from collections in Belgrun, China and Britain which illustrate Chinese impovations in science. Closed Monday. Musée d'Art Ancian, Frum Manet to Picasso: The Reader's Digest Collection, Impressionist and Post-Impressionist works from the corporate headquarters in Pleasantville, New York. Closed

Monday, ends Jan.22. Rotterdam Boymans-Van Beuningen Museum, Twin exhibitions on Rembrandt and his school conprising a lavish 200 drawings and 30 paintings, from the museum's collection. Ends March

Mauritahnis, These 36 "Paintings from England" lay at the heart of a diplomatic wrangle after the death of "Dutch" King WIIliam in 1702, when Queen Anne

demanded their return from Wil-ham's Dutch hunting lodge as being the property of the English crown, Ends Jan 28.

Koninklijk Museum Voor Schone Kunsten. Leopold de Waelplein. Golden Light: Art of the Lou, Contains 185 icons dating between the 13th-17th Centuries. Many of the Byzantine, Cretan and russian icons are on public view for the first time and are lent mainly from private collec-tions. Closed Mon. Ends Feb 5.

Emsthistoriches Museum. Pra-gue 1600 — A marvellous exhibi-tion looking at the court of Rudolf 11, the great patron, not only of the arts but the sciences too. Ends Feb 26, 1989. Palazzo dei Conservatori (Cammi-

doglio). Giass of the Caesars. Queues are stretching right across Michelangelo's Plazza. waiting patiently for a gimpse of the immensely sophisticated ornamental glass and tableware belonging to the imperial Roman court. Until Jan 31. Galleria Nazionale d'arte Mod-

erne. Witty conceptual art by one of the best of the middle gen-eration of Italian artists, Giulio Paolini, born in Genoa in 1940. Until Feb 26

Museo Correr a la napolecnica: Giorgio de Chirico (1888-1978): a major retrospective organised to calebrate the centenary of the painter's birth. On show are over 150 works by a painter declared dead in the 1920s by Andre Breton, author of the surrealist manifesto, who disliked his change of style from meta-physical to poetic. Ends Jan 15.

New York Metropolitan Museum of Art. An exhibition of architecture on paper covers four centuries of drawings including works by Frank Lloyd Wright, Louis Com-fort Tiffany and Arata Isozaki, as well as the west facade of Alhambra that dates back to 1580. Ends Jan 8.

December 23-29

Art Institute. Dente Cabriel Rossetti, J.E. Millats, Edward Burns-Jones and Simeon Solomon take centre stage for this British drawings show, called "From the Ridiculous to the Sublime." which covers a century from Thomas Rowlandson's satires

Chicago

through Turner and Lear to the pre-Raphselites, Ends March. Wachington National Gallery. Seven Centu-

ries of Japanese Art, as it evolved under the feudal daimen lords is the subject of a major exhibition of 450 specially designated Japanese national treasures, including pointings, scripture, swords, robes and lacquer. Ends Jan 23.

Tokyo

Identities Museum. Ukiyoe Paintings. Ukiyoe is usually associated with the woodblock print, but this delightful exhibition focuses on scroll paintings by some of the masters of the "floating world" - mainly genre scenes and portraits of beautiful women in colourful kitnones. Closed

Max Loppert Significantly, another direc-tor trained in the theatre A year that included Philip Glass's and Doris Lessing's The Making of the Representative for Planet 8 is assured of a relirather than the opera house produced the best staging saw at Covent Garden - Nuris able benchmark - nothing could have trumped its sheer inanity, musical and dramatic, or have elicited a staging more signally lacking in imagina-tion. That as well as inflicting Planet 8 upon us ENO also pro-vided two of the most satisfy-ing new productions only seemed to compound the disaster. But surely Tim Albery's searing Billy Budd and Nicholas Hytner's uniquely funny Magic Flutz will continue to be revived at the Coliseum long

evaporated.
The Midsummer Marriage which Albery created two years ago for Opera North transferred to Scotland with its intelligence and perception intact, and the most moving treatment of the Sosostris scene one can imagine, but Scottish Opera's major new production of '88 misfired utterly. Its version of Bernstein's Candide, insipidly directed by Jonathan Miller with a text too generously

refurbished by John Wells, fell-flat at almost every hurdle -one of the year's more depressing experiences. Welsh National Opera invoked the Peter Stein magic again. Critical receptions for his Falstaff were more mixed than for his Otello, but for me its supreme intelligence and fastidious concern for music and drama as equal symbiotic partners placed it on a separate plane from almost every-

Espert's Madama Butterfly imported from Scottish Opera had musical flaws but visually and dramatically was over whelming. However, Bill Bry. den's Parsifal for the same house, baffling in its range of visual references and thrilling in its musical presentation under Haitink, offered conflicting evidence that first-rate work in the theatre does not guarantee equally exemplary results when music has to be considered as well. after the fad for Glass has I saw at least one new Brit ish opera of great accomplish

ment. Mark-Anthony Turnage's Greek, commissioned for the Munich Biennale and brought to the Edinburgh Fes tival, fillets Steven Berkoff play skilfully, welding its scalding imagery and hardedged language to music in which the range of reference is daringly wide but which has been fused into a unity of ganuine expressive power.

Peter Maxwell Davies's Res urrection was also first seen in West Germany, but proved a re-run of the themes that have preoccupied Davies for more than 25 years: a childish sibing of Tavarner, in which par-ody and pastiche have been encouraged to overwhelm everything. Twenty years ago it might have seemed daring, now it seems only tired, even perhaps embarrassing, until one remembers Planet &

Andrew Clements

FINANCIAL TIMES

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Thursday December 29 1988

Japan should look forward

Emperor, Japan and its Prime Minister, Mr Noboru Takeshita, could be excused for cele-brating the New Year in style. The national economy is in remarkable shape, growing at 6 per cent a year, and, if its surpluses are widening again, no one can say Japan has not done its hit to keep the world affort in 1988. Its citizens have never helore enjoyed such prosperity, even though it is less evenly spread than before; many of its social systems, such as education, are now more internationally admired than derided; the threat to its security posed by the Soviet Union has now palpahly decreased; on Christmas Eve an outstanding political Gor-dian knot of tax reform was finally cut; now a new Cabinet is in place, even more aged and as comfortably anonymous as

its predecessors.
But there is often a delicious perversity to life in Japan, a country equally capable of rewarding failure as success. Nowhere is this more evident than in its politics and govern-ment. Thus, in the 1970s, Mr Kakuei Tanaka built np the country's most powerful politi-cal machine only after being ousted as Prime Minister under a cloud; in this decade, Mr Yasuhiro Nakasone's popularity soared only after a disastrous election in 1983; in 1986, he won a landslide and, little more than a year later, was out of office.

Notable scalps

By this unconventional logic, Mr Takeshita ought not to be banking on a long term. Indeed his Government is unpopular at present, though for prosaic reasons. Public opinion has been disturbed by the scale of apparently corrupt practices unearthed in the Recruit Cosmos affair, which has claimed some notable scalps, including Mr Kiichi Miyazawa, the former Finance Minister, and Japanese en masse do not like the introduction of the new sales

However, popular sentiment in Japan only occasionally makes itself felt. So long as the establishment of politicians, bureaucrats and businessmen, has delivered the goods, the public has not complained. This pragmatic approach seems likely to apply to tax reform. The Japanese may not like paying more in the shops or losing tax exemptions on personal savings hat they know that the new law, which includes both income and inheritance tax reductions as well as cheaper foreign whisky, has been on the table for years and makes broad sense. It may be ironic that at e time when nations like the US and UK are considering ways of stimulating savings, Japan, the prosperity of which is partly built on thrift, should be moving in the opposite direction. But that seems to be the price of inter-

Common practice

national success.

This same pragmatism is being put more to the test on the question of political ethics. But the fact remains that there is nothing so far revealed in the Recruit Cosmos affair that has not been commonly prac-tised, and sometimes made public, in Japan in the last 40 years. Money does indeed grease the political wheel and it is the price the country has been prepared to pay for a smoothly functioning system.

Political reform, in the shape of more recognition for tha urban vote and even single member constituencies, may be desirable, but it would be falladesirable, but it would be railactious to extrapolate that ingrained habits and influence peddling will die so easily. They have not in the US and the UK. Nor will reform necessarily unhorse the ruling Lib-eral Democratic Party. It would require a political opposition genuinely hungry for power, or the break-up of the LDP, whose instincts for self-preservation are finely developed, for that to

happen. However, Mr Takeshita did miss a chance to look forward by neglecting to name enough young blood to his reshuffled young blood to his reshuffled Cabinet. If there is, as his new septuagenarian Justice Minister said, a growing lack of confidence in the establishment, then some fresh faces, representative of Japan's more selfconfident younger generation, would help. Recycled war-horses tend only to fight yesterday's hattles, and these Japan has mostly won.

Rocard holds the line

over the past month or so might have been excused for concluding that the country was on the verge of political and social chaos. The scene was reminiscent of Britain in the 1970s with rubble sector. the 1970s, with public sector strikes causing widespread dis-ruption, particularly in the Paris public transport system. The fact that a Socialist-domi-nated Government felt obliged to call in the army to help commuters get to their destination would have heen considered inconceivable in the immediate aftermath of the election some six months earlier. It might also have led, not so very long ago, to serious social unrest

and full-scale political crisis. There are both political and cconomic reasons why the worst has not happened and wby France is entering the New Year in rather better shape than could have been foreseen when the strikes were at their beight. Mr Michel Rocard, the Socialist Prime Minister, has handled skilfully what at first appeared to be an unmanageable position in par-liament, where the Socialists lament, where the Socialists lacked an overall majority. Taking advantage of a divided centrist and conservative opposition and a greally weakened Communist Party, he has successfully survived several potentially dangerous crises by mysterial discount and a survived to the several potential of the contraction of the several potential of the contraction of the several potential of the several p mustering à la carte majorities for various pieces of legisla-

Virtue of necessity

Making a virtue of necessity, the Prime Minister has thus fulfilled the purported wishes of the French voters when they chose a hung parliament, namely that a Socialist Government should eschew sectarian politics and co-operate with other parties, mainly of the ceotre. In keeping with Mr Rocard's system of variable majorities, a censure motion, tabled at the beginning of December by the neo-Gauilist RPR party in the National Assembly, was defeated thanks to the abstention of both the Communists and a number of

This parliamentary trapeze act has gone hand in hand with the pursuit of a rigorous eco-nomic policy. Among its main

macroeconomic objectives are: limiting public expenditure, reducing the budget deficit and stabilising the franc within the European exchange rate mech-anism, as the best way of fight-ing inflation — all aims with which the centrists and neo-

Gaullists are finding it difficult to find fault.

At the same time, the performance of the economy has redounded to Mr Rocard's credit, though it is largely the result of the general buoyancy of the economies of France's principal trading partners, such as West Germany. Gross domestic product will have grown by 3.5 per cent in 1988, the highest annual increase since 1976, profit margins are at their highest levels since the early 1970s and unemployment has been declining. All this has been achieved with an inflation rate of less than 3 per cent, well below the OECD average and no more than 1.4 percentage points above that of West Germany.

International support

With the OECD warning in its latest report that the fight against inflation at a time of strong output growth must remain the priority of member states' economic policies, Mr Rocard has been given euthoritative international support for his refusal to bow to the wage demands of the Communist-led CGT union during the recent wave of strikes. However, it would be a mis-

take to believe that a relatively favourable economic outlook and the Government's success ful handling of the strikes in the public sector has lifted all the clouds over French politics. Mr Rocard can never be sure if. or when, the Communists will vote against the Government and bring about its defeat. Nor is there any certainty about how long President François Mitterrand, who has always been suspected of personal dislike of his present Prime Minister, will want to keep him on. Yet it is clear that it would be hard for Mr Mitterrand to find a Socialist or centrist replacement who is better able than Mr Rocard to combine the task of economic manager and par-liamentary tactician.

Rising support for a leftist party has shaken Brazil. Ivo Dawnay reports

few days after the militantly socialist Workers' Party (PT) had dumbfounded both Brazil and itself last month with sweeping victories in nationwide municipal elections, a group of bank-ers met over dinner to bid farewell to some visiting foreign investors. As imported whisky flowed in the

panelled splendour of Rio de Janeiro's Country Club, deep in the city's ritzy suburh of Ipanema, they did their best to explain the results to their nervous

guests.
"Look," said one, attempting to reassure, "a lot of well-known businessmen voted for them. Apparently 30 per cent of the wealthiest districts of Rio backed the PT candidate."

That any members of Brazil's affluent middle-class would opt for a party of red stars and clenched fists must seem dangerous or simply bizarre to tha risk-conscious board rooms of

Frankfurt or New York.

Not only did they turn out in their thousands, however, but there is now a growing conviction that the startling surge of the left in the November rolls was comething more than a ber polls was something more than a howl of protest against politicians who have failed to control inflation now running at a rate of more than 25 per cent a month. For President José Sarney himself, the politician most bruised by the

election, the outcome represented the triumph of "revolutionary socialism" and the first stride down an anarchic road that will lead Brazil back to a totalitarian state.

Nor, he might have added, need the

government's foreign critics look smng at its discomfiture. The left, after all, is nationalist and determined

after all, is nationalist and determined to favour Brazilian enterprise before foreigners, curb profit remittances and renegotiate — if not renege on — the country's \$115bm debt.

Traditional conservatives, members, like the President, of the old "colonel" class, are genuinely convinced that those who want a fundamental reform of the state are indulging in luxuries Brazil can little afford at a time when the country is close to the economic abyss.

the economic abyss.

But there are others who believe that the voters have demonstrated a political maturity so perceptibly lack-ing in their masters in Brasilia. The municipal elections, the optimists claim, mark the start of a transition for Brazil from frontier feudalism to something akin to a modern demo-cratic state, where change is dictated by popular demand.

Everyone had expected the voting by 75m electors in 4,400 towns and President Sarney and the dominant Democratic Movement Party (PMDB).

Democratic Movement Party (PMDB).
What they got was a rout.
The PT — Brazil's only articulate font of socialist ideology — captured 36 prefeitures, including key industrial centres, the port of Santos and the southern capital of Porto Alegre.
Most astonishingly, in São Paulo — South America's largest and wealthiest city — a diminutive square. In it south America's largest and wealth-est city — a diminutive, square-built woman, Luiza Erundina, known-only to militants of the squatters' rights movement, came from nowhere to win over a multi-million-strong elec-torate with substantial middle-class support.

Elsewhere, the PMDB - which in Elsewhere, the PMDH — which in 1986 had won all but one of Brazil's 23 nowerful state governorships — paid heavily for the collapse of the price-freezing Cruzado Plan, its miracle cure for infiation. When the final tallies were taken, the party had failed to win a single state capital in the entire southern half of the counthe entire sonthern half of the country, its traditional heartland.

Founded in October 1979, the PT

emerged from the growing free trades union movement which had stunned military-ruled Brazil with a series of



Frustrated voters call for change

spectacular strikes in the São Paulo automotive industries. With the fiery oratory of party leader Luis Inacio da Silva, a gruff north-easterner known everywhere as Lula, it rapidly broadened its base by forging links with the countryside through the radical, church-backed land reform movement and with the distilusioned intelligen-

The intriguing question now is to what extent the PT's vote reflected a genuine, ideological commitment and how much it was a simple protest that a notoriously volatile electorate will reverse at next November's presidential elections,

Nobody donhts that it was a demand for action on Brazil's pressing social and economic problems from a political establishment that daily looks more like an incompetent version of its military predecessor than a genuine force for change.

Dr Aloisio Azevedo, a prominent political consultant to the trades union movement says: "We are experiencing the first great defeat of the colonial state a profound change in

colonial state, a profound change in Brazil's political landscape. "The New Republic (established in

1965 after 21 years of military rule) made the great mistake of switching from dictatorship to democracy with all the old feudal trappings, but the change in public opinion was much greater than they had thought. Others, like Professor Helio Jaguar-ibe, a respected political scientist in Rio de Janeiro, suggest that the emergence of the party was an inevitable consequence of the growth of a sophisticated Brazilian working class and the decline in living standards that inflation has brought for the embryonic bourgeoisie.

"The PT phenomenon is a process of organic growth, a genuine expres-sion of popular desires," ha said. "Capitalism in the making needs a social diversity phase and that's the period we are in now in Brazil." Curiously, in his more moderate noments, Lula has argued that his

party must first encourage genuine free-market enterprise, with an end to subsidies and tougher anti-trust law, before attempting more radical socialist policies.

But the party's competence will be judged by its actions in office. It has only once held a major city - the north-eastern capital of Fortaleza -where its tenure was marred by fac-

Though from the radical wing, Ms
Erundina has encouraged many by
appointing an ecumenical team, liberally scattered with middle class intellectuals, and by extending an olive branch to local business. Furthermore, both she and other

PT mayors have promised to root out the so-called "maharajahs and ghosts" - the thousands of beneficiaries of Brazil's pork barrel politics who are rewarded with vast salaries as public functionaries without real jobs.

Just 3½ years after the death of president-elect Tancredo Neves and

the succession of his running mate. Mr Sarney, to form Brazil's first civilian administration in two decades, the failure of the so-called New Republic to end these vices is a crucial contri-huting cause of its rapid demise.

As wages eat almost 65 per cent of the federal government's disposable resources, a still reasonably efficient private sector has helplessly watched a series of public sector pay strikes, Meanwhile, earlier this month, con-

gressmen attempted to apologise to the electorate hy donhling the national minimum salary. They failed to get a quorum. However, the same congress had no difficulty in finding the votes to quadruple their own remuneration to the equivalent of \$72,000 a year - 100 times the mini-

mum wage, Incapable of self-criticism, the poli-ticians in Brasilia have now turned on each other in a tawdry speciacle of corruption allegations, buck passing and recrimination between legislature and executive and inaction by the judiciary. Meanwhile, hospitals and schools are closing for lack of funds. Nohody now expects anything other than crisis management from the Sartowards the presidential elections.
In this context, the PT's dramatic

centre stage metamorphosis from spear carrier to hero has left the old actors thoroughly bemused. But once the initial panic has died down, the likelihood is that the presidential elections will thrown up a veritable carnival of candidates.

At this early stage, the ex-governor of Rio, Mr Leonel Brizola — Brazil's pocket Peron — carries a substantial populist constituency on the left, and is now edging rightwards. In the centre, a social democratic senator, Mr Mario Covas, is selling moderate reform to those for whom the PT is Mario Covas, is selling moderate reform to those for whom the PT is too strong meat. On the right, Mr Janio Quadros — the eccentric outgoing mayor of São Paulo whose reagnation from the presidency in 1964 ultimately provoked the military intervention — will once again offer intervention - will once again offer

his services.

his services.

Many other possible candidacies are in the offing, aach certain to be equipped with all manner of extravagant promises to clean up Brasilia's Augean stables.

But lurking behind the hopes for deep changes in Brazil are fears that the country's economic outlook is now so grim that a catastrophe in the form of hyper-inflation and consequent social unrest could disrupt the whole process of political evolution.

As Mr Carlos Langoni, a former

As Mr Carlos Langoni, a former Central Bank president, puts it: "For all the political speculation, the only issue now is whether the Sarney gov-ernment can get through to the elec-tions without some kind of a disaster.

At present, ad hoc policy-making is the rule. For now, a tenuous "social pact" on pay and prices between employers and unions, to public sector. government restraint of public sector tariffs, is expected to hold the flood-gates closed. But there are already signs of further deterioration.

Inevitably, this outlook has led to

speculation that some form of return to authoritarianism — the current vogue euphemism for an armed forces intervention — may prove inevitable. But barring rioting in the streets, always a possibility with inflation

nearing 1.000 per cent a year, this still seems unlikely.

Most remarkably, although it is the economy that most threatens social stability, none of the major parties has so far offered a coherent way to escape stagilation. Indeed, even tha social pact was a private sector union-employer initiative.

What is worse, a liberalisation strategy involving deregulation, a reduction in import restrictions, large-scale privatisation, and other such measures has been seriously dis-credited by being announced by the Sarney administration without being properly introduced.
Only the PT offers detailed propos-

als. But its prescription for the economy is full of nationalistic centralism and directed development. It is rid-dled with out-dated notions, from pay

died with out-dated notions, from pay policy to compulsory price freezes. For those seeking root and branch reform, therefore, the PT poses a dilemma. Its rejection of graft, demagoguery and political favouritism are all for the good, as is its ultimate economic goal of redressing Brazil's appalling wealth distribution. But its appalling wealth distribution. But its intended means of doing so are more reminiscent of the socialism of Leonid Brezhnev than Mikhail Gorbachev.

Meanwhile, the perceived indifference of the developed world to Latin America's difficulties may earn a still sharper shift towards the kind of nationalism that was so condemned abroad when it surfaced in Brazil's new constitution.

Feeling alone and unloved, Brazil will search for its own solutions. The municipal elections make clear that the process is already under way. Something profound has changed and overnight, the PT has become the

party to beat.

"The age of politics exclusively for the slite is now over," as Lula puts it. Not everyone is convinced, however, that the new age now dawning promises enlightenment. It may merely be a different shade of darkness.

Brotherly Germans

■ Does any other country have guite as many brothers in public life as West Germany?
Starting at the top, Richard von Weizsaecker, the Federal President, has a brother, Carl-

Friedrich, who is one of the country's best-known scientist and intellectuals. In politics Hans-Jochen Vogel is leader of the Social Democratic Party, while his brother, Bernhard, was until last month the Chris-tian Democrat Prime Minister

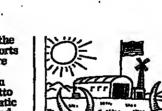
of Rhineland Palatinate. In business politics Klaus Murmann, head of the leading business pressure group, the BDA, has recently been speaking out in favour of the co-determination system of worker representation, while his brother, Dieter, head of the economic committee of the Christian Democrats, has been

opposing. In business and finance the proliferation of brothers is perhaps less remarkable, as husi-nesses are often inherited. Still, there are the Flick brothers, Gert-Rudolf and Friedrich Christian, who are planning to use the remnants of their grandfather's fortune to introduce an Anglo-American system of contested take-overs; the Burda brothers, who nearly took over the Springer publishing empire, and are in fact three - Franz, Frieder and Hubert, and the Jannott brothers of whom Horst is

the world's biggest reinsurance agency, while his hrother, Edgar, runs Victoria life insur-There are also the Henle brothers, Joerg and Peter, grandsons of Peter Kloeckner, who still control part of the Kloeckner empire through a

chief executive of Munich Re.

family foundation. in consumer goods, Jochen and Uwe Holy run Hugo Boss, the fashion group, while Bernhard and Albert Schneider run the electronics group Schneider Rundfunk. And it was the feuding Dassler hrothers, Adolf



OBSERVER

and Rudolf, who founded the rival Adidas and Puma sports goods companies which are

now run by their sons.
Slightly less mainstream
are the Schily brothers: Otto
is the leader of the pragmatic
wing of the Green Party and
his brother, Konrad, has just
established Germany's first private university - based on the Rudolf Steiner principles they were both raised by. Famous sisters are harder to find. But the Kessler twins, Alice and Ellen, are still sing-ing and dancing in Paris and Las Vegas.

Help at hand

■ Neither the medical profession protesting outside the London Hospital in Whitechapel about excessive hours worked by jumor hospital doc-tors, nor David Mellor, the Health Minister, who went on BBC Radio 4 to comment on their case yesterday, appear to be aware that a legislative remedy has already been pro-

Lord Rea, the 60-year-old Labour Peer who has held academic posts in London and Nigeria and is now a general practitioner in Kentish Town, has introduced a Private Member's Bill to deal with the

He is due to move the second reading of the Junior Hospital Doctors (Regulation of Hours) Bill in the Lords on January

Macrae's cheer ■ "For the first 25 years after my birth in 1923 everything seetned to be going wrong for suffering humanity, and for the next 40 years most things

have gone unbelievably right."

That is why a 65-year-old like Norman Macrae says that



"I understand there's a ban

he finds it natural to be optimistic today. "The Next Ages of Man" – his essay in the holiday issue of The Economist – is not exactly his final fling. but he is retiring as deputy editor after being at the paper since 1949. Macrae's father was British

consul in Moscow in 1935-38 and had posts in Nazi-dominated Europe before and after, so the son learned a lot about tyranny. When Macrae joined the war himself, Churchill and Roosevelt were going on about the fine liberating democrats in the Soviet Union who were coming to the aid of the oppressed. "That has given me one advantage in my 40 years as a newspaperman," he writes. "I have never since then believed a word either politicians or public relations

officers have said." Macrae is equally sceptical about the "supposedly more intellectual atmosphere" of postwar Cambridge. "More intellectual, my left foot. Much of Cambridge's intellectual atmosphere then was of subpolytechnic Marxism.

Yet around 1948 the world took off and, apart from a few hlips, has never stopped since. "Mankind as a whole, in the last 11 years of the 20th century, is almost certainly on the foreshore of the fastest period of market-driven economic development it has ever seen." There might be e few more hips between 2007-35, but they will be easily sur-

mountable.
Macrae is the man who discovered the potential of modern Japan almost before the Japanese themselves.

No crack

The note about the feebleness of this year's Christmas crackers yesterday should not have been confined to Sainsbury's. Apparently lots of peo-ple had a bad experience, even in Scotland. British crackers have become safe and therefore to go off properly, you become more critical of the contents.

Out of Africa

■ Speculation that Margaret Thatcher intended to imitate
Harold Macmillan and make
a famous trip to Africa around
the end of the year has not
been borne ont. She is staying
put and indeed the trip was never officially confirmed. Yet the buzz now is that Easter is a possibility. The longstand-ing invitation to Mozambique remains on the table, and Botswana and Zimbabwe would be other obvious stopping

The triumph, however, would be to go to South Africa when the time is judged to be ripe. Clearly it has not been so judged yet.

Mock on

Advertisement in a Shropshire newspaper: "For sale, 1955 house, 3 beds, lounge, din-ing room, k and h, garage, small garden. Could be Tudored up at small cost."

CLAPHAM JUNCTION

A preliminary meeting of the formal investigation into the Clapham Junction railway accident will be held. before Mr Anthony Hidden QC, at 10.30 am on Tuesday, 10 January 1989 in Westminster Central Hall. Storey's Gate, Westminster, London SW1.

Public Inquiry

Any persons, or their representatives, who were involved in the accident or who may have relevant information they wish to put before the investigation are invited to attend and should inform the Department of Transport in advance by telephoning 01-276 0838.



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Martin Wolf analyses the revival of the traditional view of the UK economy

WATERSHED YEAR

n June 1988, the Treasury's Economic Progress Report reported, under the headline Steady Growth: "During the six-year period to 1987, the UK economy achieved real growth of a little over 3 per cent a year - the best performance for 15 years. Even more striking is the steadiness of this growth. The six years to 1987 were the steadiest six-year period of growth everaging 3 per cent since the war."

The article was an excelthe article was an excelently timed cyclical indicator, appearing at the last time that the claim of steady growth could be made with any degree of plausibility. In that very month the base rate of interest was to vice from 7.5 per cent to was to rise from 7.5 per cent to 9.5 per cent, with another 3% percentage points to come over the succeeding five months. The rise in interest rates has been a response to excess demand and the inability of

output to keep up.
Thus the current account deficit has increased steafily, from insignificant levels a year and a half ago to £4.55bn (close to 4 per cent of gross domestic product) in the three months, September to November 1988. According to latest estimates, the deflator for gross domestic product (a better indicator of underlying inflation than the retail price index) has risen, during the third quarter of 1988, to a level 6.4 per cent

above that of a year earlier.

In short, in 1988 the UK has entered the braking phase of a "go-stop" cycle with depreasingly familiar features. The application of the property of the propert euphoria about the British "miracle" and its architect, the "brilliant" Chancellor of the Exchequer, bas suddenly turned into doubt about the former and savage criticism of the latter. The major question now is how damaging this particular "stop" will turn out to be. To answer that question, one must go back to 1986.

The output-based estimate of GDP (probably the least unreliable at present) shows that growth accelerated decisively above the 3 per cent trend claimed by the Treasury in the last quarter of 1986. Recently released figures on gross domestic product in the third

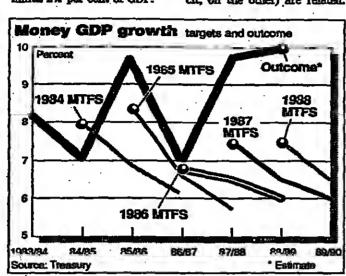
The return of Go-Stop quarter of 1988 indicate that rose by very close to 10 per the economy is now cooling cent, 2 percentage points above

the economy is now cooling off. But this is misleading. Out-put is hitting capacity con-straints, with the continued buoyancy of demand showing itself in the growth of the cur-

The force behind the acceleration in the growth of GDP has been domestic demand. The impact of trade on the growth of demand for UK output was modestly negative in 1996 and 1987. The Paris-based Organisation for Recognition for Recog tion for Economic Co-operation and Development projects it to be hugely negative in 1988, at minus 2% per cent of GDP.

March 1987. In 1988-89 nominal GDP will rise at least as much, 2½ percentage points above the target in this year's MTFS. Unexpectedly rapid growth of nominal demand has been met by a favourable domestic supply response, on the one hand, and an accelerating deterioration in the foreign balance, on the other. These two "splits" (between real growth and inflation, on the one hand, and between domestic output and the current account defi-cit, on the other) are related.

the target in the MTFS of



The growth of real domestic demand started to rise above the longer term trend during 1986. By the second quarter of that year final domestic demand was 4.6 per cent above its level in the corresponding quarter of 1985. The OECD's latest forecast is for final latest forecast is for final domestic demand to grow et an annual rate of no less than 6% per cent in the second half of

The acceleration in the growth of GDP followed closely on that in final domestic demand. In trying to identify the causes of the rise in demand, one must start with nominal demand, a centrepiece of the Government's medium term financial strategy (MTFS). The Government's targets were met reasonably well up to 1986-87, but things have changed dramatically since. In 1987-88 nominal GDP.

Both imply that the growth of nominal demand has had its main effect (so far) on real variables - output and the current account - rather than on inflation. This is explained, in large measure, by the course of the exchange rate over the past three years. Between July 1985 and Octo-

ber 1986, the nominal effective exchange rate for sterling depreciated by 19 per cent.
Coinciding as it did with the
fall in the oil price, this depreciation did not appear to be
inflationary at the time. It did, however, increase the competi-tiveness of industries produc-ing tradable goods. It was no accident, therefore, that the growth of manufacturing out-put started to accelerate in the last quarter of 1986, after two years of stagnation.

In the past two years the exchange rate has tended to

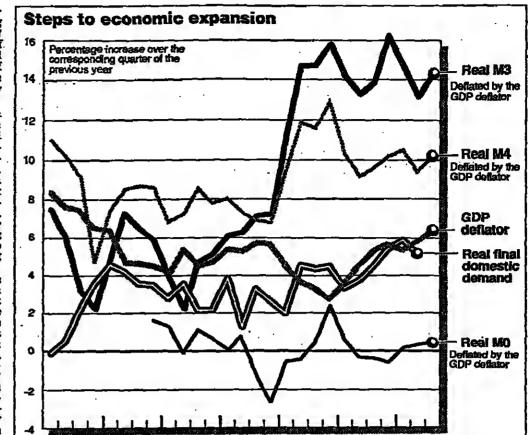
appreciate. The nominal effec-tive exchange rate for sterling reached a peak in May 1988, 17 per cent above the trough of October 1988. It has woobled since then, but at the end of last week the effective exchange rate was little below that earlier peak.

Just as the 1986 depreciation hetped to ensure a favourable supply response to the initial growth in demand, so the subsequent appreciation has contained its inflationary effects.
The danger is that the inflation latent in the current account deficit will come later, following a collapse in the currency. Alternatively, years of slow growth will be needed to bring the external account back into balance, without accelerating

The key question is what has caused the acceleration in domestic demand of the past two and a half years. One important point is that the spurt in domestic demand was almost entirely unexpected in 1986, 1987 and 1988. As usual, the majority of forecasters suf-fered from "forecasters' droop." Moreover, those inclined to a monetarist view - the Liver pool Research Group in Macroeconomics, the City University Business School, the London Business School and Tim Cong-don, formerly at Shearson Leh-man — had by far the most accurate forecasts of GDP growth.

That the monetarists were more prescient suggests, rightly, that the main explanation for the expansion is monetary. What then of fiscal policy? Even an institution as wedded to fiscal explanations as the OECD has remarked, in its latest Economic Survey of the UK, "Looking at the factors that could have produced this unexpected strength lof growth, fiscal policy can be ruled ont: the cyclically adjusted budget balance has remained broadly stable, as projected?

The OECD comments that "the continued buoyancy of private consumption has remained the mainstay of the upswing. Only little more than one half of the growth in consumer spending [In 1987] can be traced to the rise in real disposable income . . . A large part of the rise in private consumption continues to stem



from a declining savings ratio." The figures on the personal savings ratio indicate a decline of well over 12 percentage points from the peak in 1980, to 3½ per cent of disposable income in the second quarter of 1988. Moreover, much of this decline bas occurred since 1985, when the personal savings ratio was still close to 10 per cent.

Sources: CSO. Bank of England

1982

83

There are two alternative, broadly monetarist, perspectives on what has caused the decline in personal savings and the corresponding growth of expenditure. According to the first, people had realised by the mid-1980s that the performance of the UK economy had improved. Correspondingly, they judged themselves to be richer and wished to consume more. The liberalisation of credit markets accommodated this desire, but the increased indebtedness represents a once-for-all adjustment. While the growth of expenditure has accelerated and savings rates (measured in relation to cur-rent income) have fallen, people will sooner or later reach the levels of indebtedness they think appropriate. Then growth of consumption will slow sponianeously.

The principal conclusion is simply that, provided the Government avoids an explosion in consumer expenditure, the process of accelerated growth is benign and easy to control. Hence the Government's emphasis on M0, the narrowest measure of the money supply, which is most closely related to consumer spending.

The second approach empha-sises the unexpected aspects of the credit spiral. In particular, the decision to abandon con-trol over the broader monetary measures in March 1966 is crucial. By then it was clear that the rise in nominal earnings

had stuck at about 7% per cent. Furthermore, unemployment was well above 3m even on the Government's favourable definitions, infletion appeared well under control and an election was pending.

These were exceptionally attractive circumstances in which to let credit rip - and rip it did. The growth of the broad money variables in real terms accelerated in early 1986. With growing credit and liquidity there was an inflation of asset prices, notably housing, but also stocks and shares. Rising asset prices made people creditworthy for still more borrowing. Furthermore, not only greater wealth but the vastly greater holdings of liquidity (now back to levels in relation to GDP higher even than in 1974) have encouraged yet further spending.

By the summer of 1987 the Government was beginning to get a little worried about what was happening and monetary policy was tightened. But the stock market crash of October 1987 and the attempt to keep the exchange rate down intervened. Tightening was post-poned for almost a year.

Given the role house prices have played in the story, the second perspective must con-tain elements of the truth. This also has implications for what will happen next. In particular, the strength of demand is not

just the consequence of a few mistakes in policy since October 1987, but is more deep-seated.

The danger is that a wage spiral will come next. If so, it will coincide with a sharp reduction in the rate of growth of domestic demand, following the monetary tightening of the past six months. Even if one believes in the supply-side "miracle", with trend productivity growth in manufacturing as high as 5 per cent, the result

of a slowdown will be a reduc-tion below that trend. If productivity growth in If productivity growth in manufacturing were to fall to, say, 3 per cent per annum and underlying earnings per hour to rise to 10 per cent, unit costs would be rising at 7 per cent. In that case, a depreciation would be essential for the desired soft-landing in real growth but such a denrecia. growth, but such a deprecia-tion would also accommodate the inflationary spiral.

Mr Lawson is discovering, as others before him, how friend-

less is any Chancellor presiding over the "stop" phase. Unless be is lucky, he will face a choice between allowing the core rate of inflation to rise and accepting a period of very close growth slow growth.

If the Chancellor is, indeed,

faced with a rise in the core rate of inflation, it is without the benefit of a fully credible monetary framework. No won-der be is inclined to hand the whole job over to Mr Karl-Otto whole job over to Mr Kart-Otto Pohl, the president of the Bundesbank, via full member-ship of the European Monetary System. More immediately, there will be a clamour (espe-cially from those calling themselves Keynesians) to ignore the inflationary consequences of past mistakes.

if so, Mr Lawson should remind them of one of Keynes's more important (and characteristic) observations: "There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The pro-cess engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.

Samuel Brittan is on holiday

Achieving two economic targets

From Mr M.R. Weale. Sir, Samuel Brittan (December 15) will find general endorsement for his view that an economy with two targets an economy with two targets (price stability and an appro-priate value of national debt or external national wealth) can-not be run solely by monetary

But it is a grave mistake to argue that monetary policy should be used only to look after one target, as Mr Brittan It is true that the policy-

maker should exercise discre-tion about her choice of tar-gets. But if she wants to achieve them promptly (that is, if she takes the targets seriously) then, as most mainstream economists accept, the appropriate use of monetary

and fiscal policy is determined by the structure of the econ-In the current context, this

means that monetary policy, because of its effect on the exchange rate, and thus on the cost of living, must be used predominantly to control infla-tion. Fiscal policy must be used predominantly to look after debt/wealth. But if control is to be effi-

cient and to achieve the targets promptly, monetary policy can-not completely lose sight of debt/wealth and fiscal policy cannot completely lose sight of

An equally important point is that results cannot be delivered overnight. Over the last faw months we have seen impatient City economists looking around nervously for signs that the economy is slowing down after the July and October increases in interest

Work in Cambridge suggests that well-designed economic policies will take around 18 months to achieve a grip on

An attempt to achieve the same sort of control or an even faster response by means of badly designed policies will almost certainly condemn the economy to a cyclical path, leading to inflation blips not unlike those suffered in 1985 and 1988. M.R. Weale.

Faculty of Economics and Politics, University of Cambridge, Sidgwick Avenue, Combridge

material content is high and the added value low.

wrong products and, quite apart from losing out on export values, are also forcing the UK public to import other nations' "added value" with dire consequences for the trade figures?

L.T. Smith,

23 Markham House,

Could it be that UK mannfacturers are making the wrong products and, quite

Missing the boat in Japan

From Mr Keith McDowall.
Sir, Having returned recently from Japan after an interval of eight months I support Mr Ian Bayley's view (December 15) that there has been amazing progress in the availability of foreign goods in the Tokyo department stores.

Some British brands are available - good old Burberry is there - although it seemed that quite a few of the British items were locally manufac-tured. But compared to other European suppliers we appear to be lagging behind. As a Jap-anese friend said: "It looks as if the French are trying to redress their trade imbalance in 12 months.

I hope the UK trade figures eventually prove otherwise but I suspect that like the French, salesmen from the US, Canada and Australia have got to Japan sooner. More importantly they have been back again and again to ensure their goods are properly displayed and properly priced. Mean-while it would seem the Ger-mans are concentrating on the car market, with BMW and Mercedes much in evidence.

The Japanese consumer is willing to buy foreign. If we fail to be in the market place we have no one to blame but Keith McDowall, 42 Gibson Square,

Putting 'added value' into the discussion "adding value". They do not process items where the raw

From Mr L.T. Smith. Sir, Your thoughtful leader on the valuation of sterling (December 9) makes no men-tion of the "added value" con-cept which must surely be important in any discussion on currency values.
Islands like the UK and
Japan with little indigenous

raw material have to import to feed their large populations. They earn the cost of their daily bread by "adding value" to other people's raw materials and then reselling them at the

enhanced value. Both in the original currency cost of the raw materials and the selling value of the manufactured product a atrong exchange rate is beneficial.

Are the pressure groups who continually call for weaker sterling so bemused by domes-tic accounting considerations that they lose sight of eco-nomic reality?

The Japanese have no such problems. They buy a handful of silicon dust, then multiply its value a thousandfold by

Kingswood Drive, West Dulwich, SE21

choices - both finite and Kermington Road, SE11

From Mr Colin Sweet. Sir, Sir Alan Cottrell, in

arguing for more nuclear power ("Heading towards a nuclear dead-end," December 14), is right when he draws attention to the very limited resource base for thermal nuclear reactors.

He says they are equal to about half of the world's oil, and I would not quarrel with him about that. He is surely wrong, however, when he predicts that there will be a uranium crists in the next century "when everyone

turns strongly to nuclear Such a view of the future is being increasingly rejected, not least because it obscures what has become the real issue of energy policy, which is how to apply limited resources between a great range of assuredly does not.

The problem with nuclear

over £3.5bn on the fast reactor

Against possible benefits it is necessary to set not only the high cost and uncertainty, but also the unreliability in operation. Sir Alan does not seem to consider these to be important. Colin Sweet. 16 Walcot Gardens.

Well before inviting you to service, and many of its fifteen invest in a Scania truck we'll component parts are included have made a substantial in the price of your new Scania. investment in it ourselves. Scania investment For instance, over 7% of underwrites yours - right sales turnover goes into through to the time when you research and develop sell and Scania's consistent high residual value ensures a ment to help maintain Scania's technological healthy return on your initial leadership and our investment. reputation for reliability and for Scania promises years of fuel economy. profitable cost-efficient We also invest in Scania operation. With a dividend Lifeline, This offers Scania bonus to look forward to. More than a good buy, in operators 24-hour national and international back-up fact — a true investment. SCANIA Scania (Great Britain) Limited.
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BUILDING TRUCKS · BUILDING REPUTATIONS

From Mr Peter Burton.

Sir, What a pity that the interesting account of the success of the Ashstead group (December 12) concluded with an inappropriate plug for That-Mr Lewis of Ashstead is

quoted as saying that the democratic management methods which have served them so well could not have worked 10 years ago, implying that they have only succeeded because "the political direction of the country has created a climate in which people want to share in their company's prospects."

What nonsense. I contend that most people have always wanted the satisfaction of sharing in their company's performance, if they were allowed to do so, which often they were (and still are) not.

In the CASE Group, we successfully used a management St Albans, Heris

A successful attitude approach similar to Ashstead's from 1970 onwards under the Heath, Wilson and Callaghan Governments as well as under Thatcher. I cannot say that we

noticed much difference. The real issue here is the attitude of management. If they believe, as Ashstead seem to, in the need to reverse the traditional hierarchical pyramid and recognise that "it's the guy at the bottom who actually supports the business'

then they are on the right road to succes A good company needs an atmosphere of goodwill and co-operation at all levels and a degree of unselfishness. Profit sharing and performance-re-lated bonuses have their place but the "loadsamoney" attitude

Peter Burton, 20 Blenheim Road,

The high price of nuclear power

power is that it has absorbed too many resources and pro-duced too few benefits. The UK has already spent

> programme, and after 30 years there are no benefits to show. Both the economics and the time span for fusion power are even less attractive. For an uncertain gain we would have to spend a great deal more to sustain those programmes to the level where they could make a significant contribu-



FINANCIAL TIMES

Thursday December 29 1988



Hormones row comes to the boil

Tim Dickson in Brussels explains impending war over food imports

OOKED at in purely financial terms, \$100m is a drop in the \$166bn ocean of two-way transatlantic

But the European Community's decision to enforce a ban on US beef imports of this value from January 1 has value from January 1 has opened up a whole range of economic, political and even scientific issues which go far beyond the relatively small amounts of money apparently

That is why the trade war over hormones, which now seems certain to break out at 12.01am on Sunday morning, has been so difficult to avert, and why it will be difficult for both sides to avoid a major and much more damaging escala-tion of hostilities in the new

The dispute could hardly have come to the boil at a worse time, with new administrations moving into place in both Brusseis and Washington, and the atmosphere between the two trade "superpowers" already soured by this month's failure at Montreal to agree ways of reducing the overall level of global agricultural sup-

But fundamental and so far. it seems, non-negotiable princi-ples are involved.

The US side claims that the The US side claims that the EC's blanket ban on bormone-treated meat (introduced on January 1 this year but delayed for 12 months in the case of meat from the US) is unjustified on safety grounds and thus constitutes an unfair barrier to trade. The 12-nation European bloc replies that it is quite entitled to protect the health of its consumers pro-vided that it does so in a non-

discriminatory way. Hormones are widely used in livestock production, not only in the US but also in other major meat producting coun-tries such as Canada, Australia

and Argentina.

Hormones act in the body as "messengers." They are secreted in large quantities by certain glands, and have varying effects on the body's functions.

		_
EC C	OUNTER	RETALIATION
Product	Vaiue \$m †	Main EC importers
Natural Honey	2.8	FRG: 2.1
Foliage	30.9	FRG: 17.5; NL: 12.3
Walnuts in shell	70.1	It: 11.5; FRG: 29.5; Sp: 23
Oried Fruit	43.0	It: 13.6; FRG: 13; UK: 5.1
Hybrid maize seeds	42.4	It: 23.8; Fr. 8.2
Fruit juices	8.3	FRG: 2.5
Canned maiza	24.4	FRG: 10.4; UK: 8.4; Fr: 3
Beet pulp	42.3	NI: 35.6; Irl: 4.2
Hormones	93.1	It: 9.3; UK: 14.4; Fr: 28.4
Total	381.3	FRG 84; NI 59.8, It 50, Fr 46

The ban was finally agreed

hy agriculture ministers in controversial circumstances in December 1985, following an

overwhelming and highly publicised vote in favour by the European Parliament earlier that year.

Other important influences

were strong behind-the-scenes lobbying by West German pro-ducers – who persuaded the European Commission that they were disadvantaged by comparision with their hor-mone-using competitors in the

mone-using competitors in the UK, France and Ireland - and

UK, France and Ireland – and the argument increasingly advanced by the Brussels executive at the time that the ban was a useful way of dealing with rising beef surpluses.

As the Americans see it, the issue centres on five hormones the banket han

issue centres on five hormones included under the blanket ban (oestradiol 17 beta, progesterona, testosterone, trenbolone and zeranol) which have been declared safe by what Fedesa calls "every competent regulatory agency and international committee which has examined the available data."

Three of these were not in the Commission's original draft proposal, and had been cleared by an EC experts committee headed by Professor Eric Lamming of Nottingham University whose advice was subsequently overrated

subsequently overruled.
"We are the most health con-

scious country in the world,"
Mr Alfred Kingon, the US
ambassador to the EC claimed

yesterday. "You can't tell us this is a health or safety issue. There is not a shred of evi-

Privately, Commission offi-cials admit that the total ban

istered to animals, will supplement natural hormone production and improve their growth rates by enabling the body to direct more feed into the growth of muscle rather than fat.

According to Fedesa, the ssociation which represents association which represents the veterinary pharmaceutical industry in Europe and which has been a vocal lobby in the campaign to get the EC's ban overturned, "the net result of the administration of hormones is a better quality, less costly and leaner carcass."

It is Washington's loudly trumpeted accusation that the EC hormones ban adds up to covert protectionism which most rankles at the moment in Brussels.

Brussels.
Community diplomats and officials insist that the implications for "third country" imports such as those of the US were barely considered – and certainly not invoked by supporters – when the possibility of an EC-wide prohibition first started being raised.

raised.

The story goes back at least to the beginning of the decade and the discovery in 1980 of consignments of veal-based baby food in Italy which contained huge quantities of the unlicensed hormone diethyl stillnestrol. stilboestroL

Reports of babies growing hreasts and enlarged genitals inspired an EC-wida ban on the group of hormones known as DES, but the issue was subsequently taken up by Green parties (notably in West German) and consumer pressure for ag effects on the body's func-ions.

Certain hormones, if adminwas based on shaky scientific grounds but they insist that it was a legitimate and non-discriminatory political response

criminatory political response to consumer concerns.

The major companies affected by the EC's anti hormone policy are Elanco, a subsidiary of Eli Lilly, Pitman-Moore (part of the US minerals and chemicals group IMC and manufacturer of zeranol), Distrivet (part of the Franco-German company Roussel-Uclaf and maker of trenbolone), Syntex of California and Upjohn of the US.

Sales of the five "safe" hormones in Western Europe amounted to around \$20m in the year before the han - a fraction of the \$1.4bm of the total animal health market - hnt though the sums involved may be relatively small the principle of problitic.

involved may be relatively small the principle of prohibiting products independently judged to be safe looms very large for the drug companies.

The last chance of at least postponing, if not avoiding, the impending trade war appears to have passed before Christmas when EC foreign ministers refused to extend the December 31 deadline — an idea put forward by the US to give the new European Commission new European Commission and the Bush team time to setand the Bush team time to set-tle in, as well as allowing the European Parliament's current "Committee of Enquiry into the problem of quality in the meat sector" to complete its hearings and make its report.

The EC, however, did decide to exempt imported US meat going into European petfood from the ban – a concession which was answered with a corresponding \$25m reduction in the trade retaliation measures confirmed by Mr Clayton Yeutter, the US Trade Representative, in Washington on Tuesday.

The response yesterday from Mr Willy De Clercq, the EC's outgoing External Relations Commissioner, was predictably measured but there were no signs of any 11th hour bid to

reopen negotiations.

The question now is if or when the EC will counter-retaliate

All is calm as the Great **Christmas** Shutdown takes hold

By Richard Evans in London

"THE JOURNEY to work was bliss...if only it could be like this avery day," said the spokeswoman for the London Stock Exchange.

She was referring, of course, to travel conditions created by the Great British Christmas Shutdown, a phenomenon

Shntdown, a phenomenon which has taken hold in the last few years, in contrast to the less casual approach in much of Western Europe, the

much of Western Europe, the US and Japan.

Many Britons have barely reached the half—way stage in a natural break stretching from Christmas Eve or before to January 3—a minimum of 10 days. The few experts at their desks available for comment yesterday insist there is a commercial logic to the pattern.

The Confederation of British Industry, which represents companies employing 12m peo-ple, defended the break on the pie, defended the break on the grounds that it was often more economic to close down for a longer holiday rather than have a period of stop—go production covering Christmas and the new year.

"But there is no question of companies just giving away days that have not been agreed," a spokesman said

days that have not been agreed," a spokesman said defensively. "The break is made up of accumulated days off and negotiated holidays."

Many pointed out that while the UK might have a longer Christmas break than many continental countries, it did not have as many separate days off throughout the year. "Thay keep on taking off saints' days which means you can't get hold of anyone," he said.

said.

In Europe, the most conscientious workers appeared to be the Beigians, and parking space in Brussels central commercial district was at an unseasonal premium – a hint that most Belgians were already back at work.

In contrast, the European Commission is officially closed to the public until next Tuesday, although each department has a skeleton staff on duty. It was noticeable that the usual "demob" atmosphere at the end of a four-year commission has been conspicumission has been conspicuously lacking. "Delors Ons appears to be running without interruption into Delors Two,"

said a spokesman.

Paris has been looking more than usually deserted, with many French families leaving for the ski slopes and those that remain struggling with a Metro system still not back to normal after the public trans port strike.

Ministrias, post offices. banks and many offices are open this week although activ-ity is limned. However, the Bank of France did not even allow dealers Monday, December 26 off; besides a Treasury hill auction it conducted a major money market opera-

major money market opera-tion, injecting FFr15bn (32.47bn) of fresh liquidity into the market to tide dealers over the year end.

The Bonn Christmas mar-kets have been dismantled, but otherwise the holiday pall still haves over the windsward Phihangs over the windswept Rhi-neland. Most ministries are on holiday and, outside the West

holiday and, outside the West German capital, many companies have put activities on a skeleton basis.

The closest to the British habit of an extended holiday is prohably in Italy, however, where the period between Christmas and New Year'a Day is traditionally a time when much of the country shnts down and everyone consumes down and everyone consumes quantities of food and wine. As many as 20m people are thought to be on holiday this week. A high proportion of public life, business and polities comes to a creaking halt from Christmas Eve until Janzara.

Back in the City of London where stockbroking firms and finance houses operated with barely more than a skeleton staff, the accumulated days off and negotiated holidays meant space to breathe and sit down

in those wine bars and restau-rants which had reopened. Nationally, the Engineering Employers' Federation said there was "a fairly wide-spread" closedown throughout the UK, except in continuous production processes like glass and steel.

"It is much more sensible to shut down for two weeks than to risk erratic attendance by the workforce," a spokesman

At least a third of the capi-At least a third of the capi-tal's commuters were reck-oned to be sxtending their Christmas break into the new year, leaving those who have to get to work an unfamiliar experience of quiet roads and uncrowded trains and buses.

A last fling for the dollar

It might not be a bad idea to return to a system of fixed exchange rates for the last exchange rates for the last week of the year, given the regular hash that the currency market makes at matching supply and demand. Yesterday's violent swings in the dollar of nearly 2 pfennigs amounted to the usual unstable stuff, only this time with a difference. In seven out of the last eight years, the dollar has fallen rather than risen in the last few days of December, and it is tempting to look for a good reason for yesterday's departure from form.

However, it would be ridicu-

departure from form.

However, it would be ridiculous to blame the movement
onto fears of a US trade war
sparked off by the hormone
levels in US cows, especially as
the proposed import tariff is
about one thousandth the size
of the balancing item in the US
trade deficit. Indeed, with Mr
Feldstein surfacing again yesterday with yet more bearish terday with yet more bearish comments on the dollar, it would not have been in the least aurprising if the dollar had taken a beating.

Still, experience suggests the folly of looking for the cause of year-end movements, since in seven out of eight cases this decade they have been quickly reversed in the new year. Once again there are signs that this year might prove to be an exception. The rise in the Fed Funds rate over the past two weeks ahows tha extent to which the fed participation of the past and and entisting the past and entitle past and entit and anticipation of an early discount rate rise may prove better founded this time.

US thrifts

The sight of US corporate predators such as Mr Ronald Perelman and Mr Robert Bass helping the US authorities ball out the insolvent US savings and loan industry is not a pretty one. While the Federal Home Loan Bank Board, the industry's beleaguered regulator, wants to stress its success in attracting Wall Street capital into a chronically undercapitalised industry, it is paying a stiff price for not very much stiff price for not very much money. With just \$315m of new capital, Mr Perelman and his capital, Mr Perelman and his associates have won control of the biggest savings bank group in Texas, while they are guaranteed against future losses. Meanwhile, the FHLB could stand to lose newards of \$5m, which would overshadow the official costs of a saving and the costs. official costs of earlier re of much bigger US banks like Continental Illinois and First

RepublicBank.
The rush to get the deals done before the year-end and the absence of well-known names, such as Citicorp and Ford Motor Credit, among the

FT~A World Indices in £ terms 1988 ·

list of successful bidders, is another potential concern. Although a case can be made against closing down the majority of bankrupt US savings banks, the long-term solution of the US savings industry's problems might be better served if management expertise rather than the most cost efficient ter chalter most cost efficient tax shelter was the primary qualification of the new owners. Otherwise the current rash of deals may be doing no more than delaying the solution of the industry's

Lee International

deep-seated problems.

Another one bites the dust. The eclipse of Lee International, the film lighting company which bought itself out for £198m (\$356m) last year, is a warning to any company which thinks the answer to a low share price is to gear up. low share price is to gear up and go private. John and Benny Lee, it may be recalled, went public in 1986 and then private in 1987, with the intention of going public again in the US in 1989. With superb timing, the terms were struck timing, the terms were struck six weeks before the October crash, and the brothers ended up paying twice as much for the shares as they had sold them for on flotation. Within the year, the writing was on the wall: the brothers left the board, and last week the US bank Warburg, Pincus paid a nominal sum for the dubious privilege of taking on a company with \$340m of debt and a \$60m hole in its operating budget.

In fairness, it has to be said are still a rarity in the UK, and mostly confined to situations

- like Lee - where the managers have effective control already. Thus, Mr Harry Good-man of International Leisure went private so that he could gear up to buy aircraft, and Mr

Branson did it on the perfectly comprehensible grounds that he was fed up with the City of London. And as Lee's example shows, the City has it both ways. Not only will companies find ready sellers if they offer to buy themselves at the top of the market, but the banks will queue to lend them the price of their destruction, as Citicorp their destruction, as Citicorp did for Lee, at three points

sweet on

European equities

The wide divergence in per-formance between London and the rest of Europe's equity markets is one of the most surmarkets is one of the most sur-prising features of 1988. Whereas the FTSE-100 has risen by less than 5 per cent this year, almost all of the major bourses on the European continent are up by more than a quarter, and Sweden and Bel-gium have risen by over 50 per cent in local currency terms. gium have risen by over 50 per cent in local currency terms. Part of it is just catching up after a very bad year in 1987, when the equity markets in Germany, France and Italy fell by ground a third, while Lon-don ended higher, albeit marginally. Economic growth has been

far better than expected and this has shown through in corporate earnings growth which, when adjusted for inflation, is on a par at least with the UK. However, the key difference in performance probably has a lot to do with interest rates. Whereas West German rates are now back to pre-crash levels, UK rates are a third higher.

Unigate

At long last the market has a at long last the market has a name to pin to one of the predators which apparently have been circling Unigate for months – but it does not seem much the wiser. The best known thing about Mr Larry Goodman is his aversion to applicity and while some according to the components. publicity; and while some say he is the richest man in Ireland, whether he could stretch to £800m or more is doubtful. Presumably, he is too much the wheeler dealer to have bought 3 per cent of Uni-gate at bid-inflated prices unless he had something fairly specific in mind. However, at 339p, the shares are lower than during the more dublers hid during the more dubious bid scares of last summer, which may say more about the likely value of the whole than about the intentions of Mr Goodman. An asset value of 400p would mean giving the ahrinking milk business a p/e of 15 or more, while as a leveraged buy-out 350p might prove tight given the current level of inter-

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V-4

EC 'unlikely' to block bid for Plessey

By Hugo Dixon in London

PLESSEY, the UK electronics group under siege from General Electric Company of the UK and Siemens of West Germany, yesterday acknowledged that neither the Monopolies and Marcore Commission and Mergers Commission nor the European Commission was likely to block the £1.7bn (\$3.05bn) hid.

Instead it will use its defence document next week to argue that it can do better for its shareholders than the Anglo-German consortium.

Mr Stephen Walls, Plessey managing director, said yester-day there was still s possibility that the European Commission or the UK monopolies body would halt the bid, but this

was not likely.
The company is drawing up

tive strategies" for maximising shareholder value. These include finding an alternative buyer for GPT, the company's telecommunications joint venture with GEC, Mr Walls said. During GEC's previous takeover attempt in 1985, Plessey fought hard for a referral of the bid to the monopolies commission, where it was stopped on competition grounds.

on competition grounds.
Plessey's attitude to the current bid seems to have been influenced by its failure to halt it in the UK courts last week and by the fact that the Ministry of Polessey.

try of Defence – which cam-paigned vigorously against the previous bid – is less hostile this time.

In addition to trying to persuade shareholders thet it can

cial performance in recent years and claim that it has failed to invest in growth industries. It will aim to con-vince shareholders that this makes GEC unfit to take over

Mr Walls criticised the GEC-Siemens offer document, pub-

Mr Walls also claimed that the structure of the bid, in so far as it had been spelt out, was weak on industrial logic. He was particularly critical of GEC-Siemens' plan to "emascu-late" Plessey's defence busi-ness by hiving off its UK and US operations into separate companies. deliver better value, Plessey will accuse GEC of poor finan-

lished last week, for being short on details. He said it failed to spell out many issues such as what would be done with Hoskyns, Plessey's combuter systems business.

Mr Walls also claimed that

Mr Walls questioned whether GEC-Siemens would fulfil its promises of autonomy to Plessey's businesses. He said that GEC's attitude to autonomy was a said that the said that the said that GEC's attitude to autonomy was said that the said tha ly was: "Do whatever you like provided you don't spend any money!"

The Takeover Panel has indicated to Plessey that it would be prepared to extend the deadline for producing its defence document beyond the end of next week, when it would nor-mally be required. However, Mr Walls said such an exten-

sion would not be needed.
The Office of Fair Trading is dns to advise Lord Young,
Trade and Industry Secretary,
by January 13 whether to refer the bid to the monopolies commission. The European Commission has promised its rul-ing at about the same time.

Gulf oil output rises despite Opec quotas

By Max Wilkinson, Resources Editor, in London

WORLD WEATHER

CRUDE OIL output in the Gulf is reported to have continued at very high levels, despite agreement by the major producers in November to make a renewed effort to abide by

agreed quotas.

In the week before Christmas, Saudi Arabian oil production is said to have reached its highest level of the year at 7.5m barreis a day, or some 75 per cent more than its agreed quota. The United Arab Emirates, a regular over-producer, is also well above its agreed quota, with the over-produc-tion expected to continue. In Vienna in November, the 13 members of the Organisation of Petroleum Exporting Countries agreed to curb crude production to 18.5m b/d after lengthy negotiations in which it was agreed to raise Iraq's quota to 2.64m b/d, equal to

Oil price Brent Blend Crude (\$ per barrel) 19

It was generally assumed then thet excess production would continue in December before the new production regime from January 1 1989. However, the scale of recent over-production, at probably

C T | Metta C 15 59 | Phodes S 14 57 | Manchester F 12 84 | Ro de Jo C 16 69 | Rome C C 17 61 | September C C 18 61 | Montreel S 1 3 27 | Stockholm C C 18 61 | Montreel S 18 32 7 | Stockholm C C 18 61 | Montreel S 18 32 7 | Stockholm C C 18 62 | September C C 18 63 | September C C 18 64 | September C C 18 6

Yesterday's issue of the respected Middle East Economic Survey said the UAE was likely to produce 1.4 m b/d next month, more than 40 per cent above its agreed quota. The Nicosia-based oil indus-

est producer, continues producing "at its customary maximum rate" of 400,000 barrels a day, the UAE's total ontput

the victora-based of monstry weekly warned that unless the UAE fell into line, a "volatile situation" could be created within Opec. It said that Abu Dhabi, the main prodocer among the seven emirates making up the federation was making up the federation, was expected to produce about 1m barrels a day in January. If Dubai, the UAE's second larg-

around 2m h/d more than the

cipline next year.

market needs, will add to the group's difficulty in maintain-

Mr Mana Said al-Oteiba, said shortly after the Opec meeting that the UAE would do its best to abide by the new quota, but he has continually said that the quota should be 1.5m b/d

and Opec's overall ceiling raised to 20m b/d.
Saudi Arabia is expected to abide strictly by its new quota from January 1. Howaver, it has said that it will not feel obliged to continue to curb its own production if other mem-bers cheat, as they have done

in the past.

Yesterday the price of Brent crude rose by 55 cents to \$15.95 after rising on Tuesday after a 200,000 tonne collection tanker for the Fulmar group of North Sea oilfields hroke loose in high winds, cutting production by 10 per cent for several weeks, but the mishap is not expected to have much effect on world oil markets.

The Emirates' oil minister, **Dollar rises sharply**

Continued from Page 1 the year, other factors gave the

would be 1.4m b/d.

US currency support. The dollar is reaping the benefits of a gradual tightening of monetary policy by the US Federal Reserva systsm in recent weeks. The key Federal funds rate, at which US banks borrow reserves from esch

other, was quoted around 9.25 per cent yesterday. Firmer oil prices also strengthensd sentiment in favour of the dollar, as did the threats by the US to impose 100 per cent duties on a range of European Community exports

from January 1 in retaliation against an EC ban on imports of US meat treated with

growth hormones.
Yesterday in London, the dollar closed at DM1.7895 and Y125.40, while the pound closed at \$1.7890 and DM3.2050. The Bank of England's trade weighted sterling index closed little changed at 77.3 compared with 77.4 on Friday because the pound's weakness against the dollar was offset by an advance of one pfennig against the D-Mark and similar gains against other European curren-cies.



Thursday December 29 1988



INSIDE

Tate & Lyle goes sweet on Spain



Tate & Lyle, the UKgroup, is to double its interest in Campo Ebro, Spain's second largest producer of cereal sweeteners and starches. The move is the latest expansion of Tate's continental Europe,

and is part of an international strategy to diver-sity from its traditional UK cane-refining base. Tate holds 63.3 per cent of Amylum, a Belgian company which will pay Pta8.98bn (\$78.6m) to raise its stake in Campo Ebro from 48 per cent to 98.9 per cent. As a result of several deals earlier this year, Tate has become the world's largest sweeteners group, with an unrivalled range of products and geographical markets.

New Hampshire power struggle

Public Service of New Hampshire, the first investor-owned US utility to declare bankruptcy since the Depression, has filed a reorganisation plan that has angered state regulators and common shareholders. To side-step control by New Hampshire agencies which are opposed to its Seabrook nuclear power station, the com-pany wants to set up a holding company eub-ject to federal regulation. For more than two years, local opposition has stalled the start-up of the \$5.7bn plant, which is 36 per cent owned by PSNH with the remainder spread between 11 other New England utilities. Roderick Oram reports from New York, Page 14

Cross-border fan club

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Adopting a top-down or a sideways approach sounds like something more appropriate to an aerobics class than European stock markets. Yet, as they widen their focus from individual countries to an analysis of Industries that span several markets, the question has been exercising the minds of strategists on many of London'e leading European desks in 1988. This move into cross-border research has been given urgency by the imminence of the single European market in 1992, although that has not been the main driving force. Allson Maltland examines the moves towards sectoral analysis. A FREE CO. WAS TO THE SECOND

Returning to a familiar brew



Mr Nazmu Virani (left) regain control of Belhotel interests when Control Securities, his property and leisure group, announced the acquisition of the Beihaven brewery, its 41 Spanish hotel for £6m In shares. This deal, under

which Belhaven has relinquished its name and severed its ties with the past, is the latest of many shifts in direction which have accompan-led a rapidly changing succession of chairmen. Vanessa Houlder looks at a neat twist to this story, which brings Mr Virani's Involvement with Belhaven full circle. Page 15

Market Statistics

Base lending rates
Bencianark Govt bonds
European options exch
FT-A indices
FT-A world indices
FT int bond service
Financial futures
Foreign exchanges
London recent lesues

London share service London traded options London tradit options Money markets New Int. bond issues World commodity prices World stock rust indices

Companies in this section

Avdel
Bankers' inv Trust
Belhaven
Campo Ebro
Carless
Chesterfield Props
Control Securities
Dewhurst Dent
IDV
Kelt Engray

Marinex Petroleum 15 Maybox Group 15 Northumbrian Foods 15 Pavilion Leisure Quantum Chemical Radiant Metal Finish Tate & Lyle

Chief price changes yesterday

364.5 + 2.5 Pails
511 + 3 Di6 395 - 27
292.5 + 3.5 Di6 395 - 60
621.5 - 6.5 Gayarar et Gas. 712 - 25
384 - 6 Sid Rossignal 1100 - 47
250.5 - 3.8 TOKYO (Year) Fulcoda Const. 1180 + 80 720 + 59 1470 + 178 Takeyo Deep Fot. 581 + 41

210³4 + 4 482 + 4 546 + 10 CASMO
Land Securit
Lingds Chamiets
MEPC
Renters "B"
Unigote
Waco Group



Bernd Otto (right), dismissed chief executive of Co op, gained a remarkably free hand in running the company's affairs.

Meanwhile, new supervisory board chairman Hans Friderichs (left) says he sees no quick remedies for all that ails the group



Co op's troubles spread far and wide

Haig Simonian looks at the damage caused by problems at the West German retail group

A tice, deception and top-level pocket-lining at Co op over the past two months, have been piling up as high as packing cases in one of the West German retailing group's supermarket storerooms.

With the entire board sacked on December 17, a new team on the way and a highly critical accountants' report in the wings, the affair is turning into Germany's most serious corporate scandal since the virtual collapse of Neue Heimat, the trade union-owned building group, in the early 1980s. But what is striking about the

troubles at the Co op — one of Germany's top three food retailers, with estimated sales this year of DM14bn (\$7.9bn) — is the breadth of the ripples caused. Domestic and foreign hanks, trade unions and small shareholders have all been affected. Co op's troubles certainly mark

a serious setback for Swiss Bank Corporation, whose German subsidiary, Schweizerische Bankver-ein (Deutschland), floated almost 7 per cent of the retailer's shares

in October 1987.
At the time, it seemed a triumph for a foreign bank trying to break into the tough German market. Now SBC is having to fend off accusations that it did not look closely enough into the company's byzantine structure in its enthusiasm to win the deal. Or is the bank more to be pitied? SBC, Amro, Security Pacific and Svenska Handeslbanken — Co op's four biggest creditors — in late November swapped their debt into over 70 per cent of the

retailer's equity.

None of those involved ever imagined their loans to a company which seemed destined for further recovery would lead instead to a long-term commitment to a mammoth, and by

some accounts unprofitable, retailer — let alone to a welter of adverse publicity.

Co op's smaller shareholders have not had it much better. The accountants' report commissioned in October, when doubts about the company first surfaced. about the company first surfaced, is thought to have confirmed allegations that the group belonged largely to itself and lent weight to rumours that its share price may have been subject to manipulation through a string of doubtful deals.

Those who hought Co op shares on flotation have seen the share price tumble in recent weeks from a high of more than DM500 to around DM330 by the end of 1988. That may still be ahead of the DM160 issue price, but there is little appetite for Co op paper at present.

Even the group's supervisory beard is left with nuch are on its

board is left with much egg on its face. It seems to have been almost mesmerised by Mr Bernd Otto, Co op's now dismissed chief executive. An affable giant with obvious managerial skills, Mr Otto is the man who steered Co op from an amalgam of about 100 scattered retail co-operatives into one of Germany's most acquisi-

one of Germany's most acquisitive retailers.
However, he built it on a
mountain of debt. Much is
believed to be on the books of
two subsidiaries, Garvey Holding,
a Swiss-based group responsible
for all Co op's foreign activities,
which is now being consolidated
into the party company. into the parent company, and HIG Handels-Investitions Gesell-schaft, based in Hamburg, which takes charge of Co op's property portfolio.

For months if not years, Co op's supervisory board appears to have been unaware of the company's growing indebtedness, poor trading performance and even certain lucrative arrangements for its managing board.

During that time, Mr Otto, a for-mer trade union functionary, gained a remarkably free hand in running its affairs.

Above all, insufficient atten-

tion was paid to the group's arcane ownership structure. Lit-tle is still known about the variety of foreign co-operative organisatious formerly behind the group, or the owners of some of Co op's more obscure offshore subsidiaries. Meanwhile, a criminal investigation has been launched into whether the group misrepresented its position in its

prospectus.

The four main creditor banks have now taken matters firmly in hand following an unprecedented two supervisory board meetings within five days earlier this month. New top management is being appointed to contain the damage, restore morale and improve profitability.

ast Thursday, Mr Hans Friderichs, the former German economics minister and chief executive of Dresdner Bank, hecame Co op's new supervisory board chair-

Meanwhile, the four banks have committed themselves to a financial restructuring of Co op. There will be a DM75m increase in Co op's share capital to DM525m, with placement guaran-teed by Bank für Gemeinwirtschaft and Deutsche Genossen-schaftsbank, two domestic banks also associated with the group. A DM500m convertible bond issue is to follow "as soon as possible" and the four main banks have sealed their commitment to act together until 1995.

But however swift the rescue, the affair is already making waves in Frankfurt banking circles, if not further afield. It is a setback not only to SBC, but indirectly to all the foreign banks

trying to break into the German BGAG, and the affair has again raised accusatious of cronyism

trying to break into the German new issues business.

The Co op flotation was actu-ally co-led by Dresdner Bank and underwritten by some prestigious domestic names. In all, cash-hun-gry Co op had links with some 130 banks.

Det it is SPC and the three But it is SBC and the three other foreign houses which have borne the brunt. Mr Kurt Martin, SBC's boss in Germany, has recently been trying to spread the burden. He has pointed out in

the press that other banks have had their problems bringing com-panies to the market, including Deutsche Bank, the market Mr Martin is shortly to return to a senior post in Basle, but he will be returning home with an uncomfortable load.

SBC may just have been unlucky. But one immediate con-sequence of the Co op affair is that foreign houses, however keen and capable to lead new issnes, will be warier than ever should they get the chance to float a German company.

The affair could also prove a setback for those campaigning to liberalise the new issues business beyond the banks and taking it to brokers and other financial institutions. If a leading international bank can have the wool pulled over its eyes, what hope for a small broker or inexperienced financial services group, runs the current line of argument in

Meanwhile, the affair is a fur-ther hlow to the already tarnished concept of "Gemeinwirtschaft" - capitalism with a social face - propounded by Ger-many's trade unions through their holding company, the Betei-ligungsgesellschaft für Gemein-wirtschaft (BGAG).

Co op's problems have already

been compared to those of Neue Heimat, once owned by the

and questions about the compe tence of some of the union representatives on its snpervisory board.

The saga certainly rings many bells. Mr Diether Hoffmann, one of the directors dismissed along with Mr Otto, used to run Neue Heimat. And Mr Alfons Lappas, formerly the BGAG's chief executive, was chairman of Co op's supervisory board until mid-1987.

t was during his tenure that DM1.5m annual salary pay-ments were sanctioned to Mr Otto and around DM1m to his colleagues, along with an equally lavish profit-related bonus scheme. After stepping down, Mr Lappas became a consultant to one of Co op's many subsidiaries at a peppercorn salary but with a list of perks. All eyes are on Mr Friderichs, chosen because of his standing in the financial community. He has kent to the sidelines since resign.

kept to the sidelines since resigning from Dresdner Bank in the wake of Germany's political contributions affair. Mr Friderichs, who was

recently appointed to succeed Mr Franz Josef Strauss as chairman of Deutsche Airbus's supervisory board, is now making a come-

back.
But leading Co op will be a much tougher test of his abilities.
It will be a long road to full recovery; Mr Friderichs himself has talked in terms of five years as a minimum.

So far, only Der Spiegel, the German news magazine which first broke the Co op story, has come out with credit. The magazine followed its scoop with a series of bombshells confirming its reputation for tough investigative reporting. As matters stand, it is the only winner from the Co

Brierley buys into French retailers

By George Graham in Paris SIR RON BRIERLEY; the New Zealand financier, has taken stakes of 5 per cent in three of France's largest department

France's largest department store groups.

The Paris stock exchange amounced yesterday that Industrial Equity Pacific (IEP) had declared stakes of 5.01 per centing group whose flagship store dominates Paris' Boulevard Hanssmann, and of 5 per cent in Bazar de l'Hotel de Ville (BHV), another Paris department store.

another Paris department store.

The announcement follows a month after IEP, a Hong Kong company 69 per cent controlled by Sir Ron's New Zealand parent company Brierley Investments (BIL), had declared a 5 per cent stake in Nonvelles Galeries, which besides controlling BHV has one of France's largest chains of regional department

stores.

Financial analysis were yesterday perplexed by the move. Department stores are viewed as the most stagnant sector of the French retailing industry, while all three groups appear to have strongly-held capital.

Galeries Lafayette is totally controlled, with 62 per cent in the hands of family members. Nouvelles Galeries holds more than 33 per cent of BHV, while more than 50 per cent of its own capital is divided hetween the Devanlay textile group and the Devanlay textile group and the Monoprix supermarket chain. Even if one of the three groups

were vulnerable to takeover, analysts remain sceptical about the possibilities of realising

the possibilities of realising gains on their undeniably extensive property portfolios.

The cost of transforming the store sites into office space would probably outweigh any likely capital gains, they believe, although the Bonygues group property out a perty port. was able to carry out a very profitable refurbishment operation on the Paris building of the Trois Quartiers store. The Brierley group, however,

is not known as a passive inves-tor. The group said this autumn that it planned to increase its investments ontside its home

country.

• Dumez is to form the second largest French construction group by taking control of GTM producer. At the same time, Compagnie

Générale d'Electricité, the privatised engineering and telecommunications group, announced it had taken a 4.5 per cent stake in

• Framatome, the French nuclear plant constructor, is negotiating the acquisition of Souriau, the loss-making electri-cal connections manufacturer

US record producer builds up an 8.4% stake in Chrysalis Group

By Clay Harris in London

MR DAVID GEFFEN, a Los Angeles-based record producer, has built up an 8.4 per cent stake in Chrysalis Group, the troubled UK-based entertainment and leisure company.

His purchases over the past few weeks appear to be bringing matters to a head at Chrysalis, which has kept the London stock market guessing for nearly six months about a possible return to private ownership.

With another 6p advance to 130p yesterday, Chrysalis shares have risen by nearly 30 per cent since December 12.

At yesterday's close, the com-pany has a market value of \$36.5m (\$66m). Mr Chris Wright, Chrysalis chairman, made clear yesterday that he did not view Mr Gesten's

stake as friendly.

Mr Wright himself bought 200,000 shares at 123 %p last Fri-

Mr Geffen, the creator of the Arista label, has been buying shares through Geffen Records, the label on which John Lennon'e final album was released. Its other artists have included Asia, a West Coast "super group" of the early 1980s.

Chrysalis, an independent record company for more than 20 years, made its stock market debut in 1985 by merging with Management Agency and Music, a hotels, leisure and music group. Inauspiciously, investors applied for fewer than 6 per cent of shares on offer in the flotation.

Pre-tax profits reached £5.21m in the year ended June 30, 1986

and £7.26m in 1966-87, but plummeted to £1.41m in the 14 mouths to August 31 this year, largely as the result of losses in its US

the result of losses in its US record division.

That business is being assessed with a view to possible restructuring early in 1969.

Adding to the poor performance was the lack of any contri-

bution from property or from Max Headroom, its computer-generated television presenter.

Together they had accounted for £3m of profits in 1986-87.

Mr Wright had warned of a sharp downturn in July, when he first records the possibility of

first mooted the possibility of going private, shortly after Mr Richard Branson's Virgin Group announced similar intentions. Since then, the issue has been reported as still being under

Walker wins vote on drinks bids

little experience, not one share-holder voted against the deals at yesterday's meeting. On a proxy vote, there were 50m shares for

the deal, and just 20,000 against. Mr Walker declared himself

"highly delighted" with the deals,

and implied that he had outwit-

ted Mr "Tiny" Rowland, chief

executive of Lonrho, in persuad-ing the international trading group to sell the drinks business under a deferred payment

Such a positive interpretation

was far from brokers' minds

arrangement.

By David Waller in London

MR GEORGE WALKER, the former boxer who is chairman of the Brent Walker leisure and property group, yesterday floored the City critics who had denounced his company's latest moves into the drinks business.

At a spersely attended extraor-dinary general meeting, share-holders voted overwhelmingly in favour of the acquisition of Lonrho's European drinks businesses and Ellerman Holdings, the pubs, brewing and wine businesses belonging to the enigmatic Bar-

clay brothers. At the meeting, Mr Walker announced that he is set to raise \$21m (\$38m) in cash from the disposal of 100 of the 396 pubs Brent Walker bought from Grand Metropolitan for £47.5m earlier this ar. This represents a sale price of £200,000 per pub, against an average purchase price of

when the deal was first announced; it seemed absurd that Together, the two latest acquisitions will cost around £500m, including debt, and will take Brent Walker's gearing to 150 per cent. Despite much ballyhoo to Brent Walker was prepared to pay £180m for a business which made pre-tax profits of just £2.2m in the year to the end of Septemthe effect that Mr Walker was paying far too much to enter a business area of which he had

Mr Walker predicted yesterday that the business – which includes Whyte & Mackay whisky – would make a pre-tax profit of £13m to £14m in the cur-

rent financial year.

He refused to comment on whether asset sales should be expected but he did promise that not debt would fall from around

1990m to 100 per cent of share-holders' funds by next Easter.

Despite Mr Walker's confident tone, the London stock market remained unimpressed and the shares closed unchanged at 315p, down from 354p when the first acquisition was announced.



TO MOST COMPANIES IT WOULD BE A GOAL. TO US IT'S JUST ANOTHER BEGINNING.

Last year Toshiba spent \$1.7 billion on the research and development of artificial intelligence, portable computers, satellites, digital televisions, medical imaging systems, semiconductors, voice recognition technology, translation accelerators and portable compact disc players.

> In Touch with Tomorrow TOSHIBA

Two new issues surface despite holiday doldrums

EUROBOND market activity has come to a virtual stand-still, with yesterday's negligi-ble turnover expected to be the norm until after the New Year holiday. Dealing desks were sporting skeleton crews and most retail accounts have closed their books for 1988.

Still, two new issues surfaced, one of which was a DM200m five-year Eurobond for Volkswagen Internstional

INTERNATIONAL BONDS

Finance, lead managed by Dresdner Bank. The bonds, guaranteed by the bonds, guaranteed by the parent company, Volkswa-gen AG, carry a 5½ per cent coupon and are priced st 101. The borrower is well liked by domestic retail accounts although dealers noted better coupons were available on top-quality bank paper. The bonds are trading just outside full fees of 2 per cent, exclusive of

the listing fee.
Also launched yesterday was a Y7.5bn five-year floating-rate bond for Swedbank, Swedeo's third largest banking group.

The bonds, priced at 100%, yield 55 basis points below the Japanese long-term prime rate (LTPR). Funds are said to have been awapped into floating-rate

Lead manager Mitsubishi Finance said the bond indenture included a clause providing for pricing to switch to 35 basis points above that on five-year bank debeotures in the event that the LTPR was

phased out.
This reflects rising speculation in Japan thet the Ministry of Finance will end the historical distinctions between city banks and long-term credit banks and drop the need for their special sets of interest

The LTPR is agreed among the three long-term credit banks and is set at 90 basis points over their own five-year debentures. At that rate, Mit-subishi points out, the substi-tute benchmark will effectively provide the same yield to

investors as the one it replaces. While the substitution clause bas been included in many recent LTPR-linked offerings, it has not been written into the indentures of all of them, possibly sparking confusion for some investors later on.

US Treasury bonds gave up early gains scored on the back of a strong dollar as the US currency slipped back from its highs and traders contem-plated a firm 9% per cent Fed

UK government bonds closed a quarter point lower in very thin trading yesterday. Weak prices out of New York were a dampener and domestic news did nothing to brighten the

Markets across continental Europe were quiet; if anything, prices were off slightly in sym-pathy with New York's weakening. The mood in Germany

was further dampened by a strong dollar and the size of the New Year bond issue announced on Tuesday.

The traditional Silvester 10year issue was, at DM5bn, larger than some had hoped, and traders reported a dearth of investor interest in this environment. The issue was priced at 100.25, with a coupon of 6% per cent.
At the daily fixing the Fed-

GOVERNMENT BONDS

eral 6% per cent December 1998 was priced at 98.70, down from 98.95 on Tuesday.

The Japanese market has shut until January 4. In a sparse half day's trading yesterday, prices fell in response to a weaker US Treasury market and firmer off process. ket and firmer oil prices. The No 111 benchmark bond closed to yield 4.765 per cent, against 4.70 at Tuesday's close. Although a final decision has

yet to be made, the Ministry of Finance has indicated it may trim the size of 10-year issues in fiscal 1989, which ends in

Coupon	Red Dete	Price	Change	Yleid	Week ago	Month	
13.500 8.750 9.000	9/92 9/97 10/06	108-13 92-10 97-25	-6/32 -6/32 -8/32	10.69 10.10 9.23	10.64 10.07 8.21	11.02 10.24 9.20	
8.875 0.000	11/98 11/18	97-30 100-00	-8/32 -8/32	9.18 0.00	8.06 8.94	9.17 9.15	
	12/97 3/07	102.8047 100.0691	-0.465 -0.218	4.56	4.51 4.78	4.69	
8.750	6/98	101.2000	-0.300	6.60	6.54	6.38	
	10/93 6/96	97.6844 105.0500	+0.059	8.59 8.67	8.62 8.63	8.55 8.73	
	13.500 8.750 9.000 8.875 0.000 5 5.000 2 5.700 8.750	13.500 2/92 8.750 9/97 9.000 10/08 8.875 11/98 0.000 11/18 5 5.700 2/07 8.750 8/98 4 8.000 10/93	Coupen Dele	Coupen Dele Price Change 13.500 9/92 108-13 -6/32 8.750 9/97 92-10 -6/32 9.000 10/08 97-25 -4/32 8.875 11/08 97-30 -9/32 0.000 11/18 100-00 -8/32 5.700 3/07 102.8047 -0.465 2 5.700 3/07 100.0561 -0.216 8.750 8/98 101.2000 -0.300 4 8.000 10/93 97.8844 +0.059	Coupen Dele Price Change Yield	Coupon Oele Price Change Yield ego	

BENCHMARK GOVERNMENT BONDS

INTERNATIONAL APPOINTMENTS

Retiring Alcan helmsman to start his own business.

MR DAVID Culver, who is to business venture, he added, a US anti-trust order. retire as chairman and chief will not be connected with aluexecutive of the Montrealhased Alcan Aluminium next July at the age of 65, plans to become an entrepreneur and start his own business. Brit-ish-born Mr David Morton, 58,

will be his successor at Alcan. Mr Culver, a native of Montreal, says that despite some legal challenges he believes in a mandatory retirement age for large organisations. "I have told so many young people to go ont and start their own businesses that I feel I must take the leap myself after 40 years with Alcan, including the past decade as CEO. His

of computer aided engineering

(CAE) design systems to the electronics industry, named Dr

electronics industry, named Dr Norman Friedmann chairman and chief executive officer. Dr Friedmann, 59, who became president and CEO of Daisy in April last year, is suc-ceeding as chairman Mr Max Palevsky, 64, who will now serve as vice chairman of the

Daisy experienced very strong

growth in sales and profits to

Daisy board of directors. Since its formation in 1980.

Kraft chief

Morris board

PHILIP MORRIS, the US tobacco, food and drinks con-

glomerate, has elected to its board of directors and made a vice chairman Mr John M.

He is chairman and chief executive of Kraft, the Chica-go-based cheese, dairy and pro-cessed foods concern recently

taken over by Philip Morris in an agreed near-record \$13bn bid, forming the world's big-

gest consumer products com-

£300,000,000

Floating Rate Notes

Due 1996

(Second Series)

(Issued by Nationwide

Building Society)

Interest Rate: 12.83% per antum

Interest Period: 28 December, 1988 to 30 January, 1989

£5,000 Note due

30 January, 1989: £58.00

Interest Amount per

£50,000 Note due

30 January, 1989: £579.99

Agent Bank rothers & Co., Limited

Mr Richman joined Kraft in

Nationwide Nationwide Anglia

joins Philip

His departure severs the last links between Alcan and founder Arthur Vining Davis and his family. Mr Davis's nephew Nathanael preceded Mr Culver as chairman. Mr Arthur Vining Davis, one

of the world's most famous entrepreneurs of his day, set up Alcan as a Commonwealth subsidiary of Aluminum Com-pany of America in the mid-20s and built what became the free world's largest aluminium smelter at Arvida, North of Quebec City. In the 30s, Alcan and Alcoa were split up to beat

Daisy CEO becomes chairman

Its fortunes then suffered a

sharp reversal, but starting

sharp reversal, but starting with the quarter to end-September last year, the company has recorded five consecutive quarters of increasing revenues and profits under the direction of Dr Friedmann.

Mr Palevsky commented:

The board has been extremely pleased with Norman's success.

pleased with Norman's success in returning Daisy to a leader-

Recently, Daisy announced a

1954 and has been the com-

pany's helmsman for more than nine years.

MANUFACTURERS Hanover, the large US banking group, elected Mr Edward Miller vice

chairman and a director of both the corporation and Man-ufacturers Hanover Trust, its

flagship bank.
Mr Miller, who succeeds Mr
John Evans on his retirement

at the end of this year, has been sector executive vice pres-

He will remain in charge of retail banking and assume

additional responsibility for

the group's Information Tech-nology Services and Facilities Support Management units. He

Weekly net asset

ident for retail banking.

after reviving its fortunes

preneurial success.

DAISY SYSTEMS, a leading the and of 1985, and was California-based manufacturer acclaimed as a model of entre-

Mr Davis named Ray Powell president of Alcan in 1937, and he directed the company's tremendous wartime expansion. Mr Culver married Mr Powell's daughter Mary, but none of their four children work for

The Arvida smelter, which provided huge amounts of alnminium for aircraft construction during the war, is being rebuilt into three or four separate smelters at a cost of several billion dollars. Dividing the production into several widely spaced smelters reduces pollution and health dangers to

definitive agreement to acquire Cadnetix, of the US, suppliers of printed circuit board com-

puter aided design systems.

Combined annual revenues for

the two companies are cur-rently near \$200m. The merged group is expected to compete aggressively in the rapidly expanding electronic systems

esign marketplace. Mr Bruce Holland, 37, who

founded Cadnetix in 1982 and

at present is its president and CEO, will become president and chief operating officer of Daisy from January 2.

will also oversee the corpora-

tion's strategic planning and expense management efforts.

MR RAYMOND Garneau, the

Quebec lientenant of Federal Liberal leader Mr John Turner

from 1984 until his defeat this

from 1964 until his defeat this November 21 in the Canadian federal elections, is returning to the private sector, writes Robert Gibbons in Montreal. He has been appointed president and chief operating officer of Industrial-Alliance Life Insurance, Montreal, the biggest unit of the parent Industrial-Alliance Life, one of Eastern Canada's largest financial services groups. He succeeds Mr Robert Begin, who will

Mr Robert Begin, who will

become board chairman.

Change at the top for Tata **Engineering**

By R.C. Murthy in Bombay

MR RATAN Tata bas been MR RATAN Tata has been appointed chairman of Tata Engineering and Locomotive, India's second-largest private sector company. The change of guard at Telco comes within six months of Mr Tata's elevation to describe the description.

tion to deputy chairman.

Mr S. Moolgaokar, Telco
chairman for the last 16 years, had indicated in his statement to shareholders in August his preference for Mr Tata to be his successor. But the sudden his successor. But the studen retirement surprised corporate observers, who had expected Mr Moolgaokar to leave at the end of the company's accounting year next March.

Mr Jehangir R.D. Tata, head of the Tata group, had expressed some 10 years ago his desire that Ratan should succeed him. The transition,

succeed him. The transition, however, has been rather long and this is the first major Tata

company where Eatan bas taken the helm.

Mr Russi Modi is chairman of Tata Iron and Steel, the top Tata firm, and Mr Darbari Seth is head of Tata Chemicals and Tata Tea.

LONDON based fine art auctioneers Christies International announced that Lord Carrington, chairman since July after his spell as head of Nato, will also become chair-man of Christie Manson and Woods International, its American branch.

The move takes effect on January 1, when Mr L. Gny Hannen will retire from the

Mr François Curlel, aged 40, will assume a newly created position of managing director of Christie's Europe from the same date. With immediate effect, he has been made president of Christie's Geneva, succeeding Hans Nadelhoffer, who died in July.

Mr Curiel, who has been described as the world's leading auction house expert on gems, will also preside over Christie's jewellery sales worldwide and remain on the board of Christle's in America. He had been in charge of Christie's New York jewellery department since 1977.

Quantum's special dividend is to be financed through a \$1.150n bridge loan which, it said, it would repay by selling off its oleo-chemicals division

Quantum

shares leap

on \$1.2bn

shake-up

By Anatole Kaletsky

QUANTUM CHEMICAL, the

large US chemical group which was formed last year

which was formed last year from the rump of the old National Distillers group, yesterday announced a \$1.2bn financial restructuring. The move would result in share-holder manifestations with the share-

holders receiving a one-time

cash dividend of \$50 a share, to be financed by asset dispos-als and junk bond and bank

The company's stock price jumped by \$171₈ to \$165 in heavy trading on Wall Street after the announcement.

The Quantum restructuring was unusual because, unlike many such "leveraged recapitalisations" it did not appear to be motivated by any takeover threat. Rather, the company's decision to raise its

debt burden and distribute

cash to shareholders reflected the extraordinary profitability

of the US petrochsmicals industry over the past two years. Quantum's decision also

seemed to accord with the

trend toward increasing con-

centration in all parts of the chemical business.

producer of polyethylene and the nation's leading propene gas distributor, now intends to

concentrate increasingly in

Quantum, the biggest US

in New York

borrowings.

and borrowing up to \$900m from banks and the junk bond market. It said the restructuring was motivated partly by a desire to increase shareholder 10.260 12/98 100.6250 -0.375 10.15 10.09 10.15 value and partly by a decision NETHERLANDS 8.7500 10/98 101.5250 -0.200 6.60 8.58 6.52 to concentrate more narrowly on ethylene and other petro-12.500 1/98 98.0067 +0.127 12.87 12.89 12.52

US utility files plan for

restructuring By Roderick Oram

in New York PUBLIC Service of New Hampshire, the first investorowned ntility in the US to declare bankruptcy since the Depression, has filed a reor-ganisation plan that has angered state regulators and common shareholders.

up a holding company subject to federal regulation to sidestep control by New Hampshire agencies which are opposed to its Seabrook nuclear power station. Local opposition has stalled

The company wants to set

for more than two years the start-up of the \$5.7bn plant, 36 per cent owned by PSNH and the balance by 11 other New England utilities.
PSNH was forced into bank-

PSNH was forced into bank-ruptcy after it was barred from including the heavy Sea-brook debt in its rate base. Without its nuclear problem, it would make healthy profits. To improve its finances, the utility plans to cut its debt from about \$1.50m to \$1.15m from about \$1.5hn to \$1.1hn.
The smaller debt volume coupled with lower interest securities would roughly halve its
\$220m annual debt service bill.

GrandMet buys Portugal group By Flona Thompson

INTERNATIONAL Distillers and Vintners, the wine and spirits subsidiary of Grand Metropolitan, the UK food and drinks group, has acquired Sil-eno, a Portuguess private drinks company, for an undis-closed sum.

closed sum.
IDV's links with Sileno, the largest independent wine and spirits distributor in Portugal, date back to 1962. Since then Sileno has built up the distri-bution of IDV brands, particu-larly J&B Rare Scotch whisky, Smirnoff vodka and Lancers Portuguese wines.

Drexel basks in Sunshine deal

By Roderick Oram in New York

WALL STREET has reacted very cautiously to the terms and nature of a proposal orchestrated by Drexel Burnham Lambert for Sunshine Mining, a minusculs Dallas company, to acquire Rexene, a specialty chemicals company, for \$28 a share, or \$865m. The stocks of both compa-

nies fell again yesterday to \$3½ and \$21½ respectively after tumbling on Tuesday, when the bid was announced. The companies have been brought together by Drexel's corporate finance department. The investment bank and some 100 employees as indi-viduals would reap large fees and profits from their investment in Rexene. They have already profited from earlier transactions involving Bezene.

value Toloro Pecific Holdings (Sesboard) N.Y

on 23,12,88 was US\$169.52 Listed on the Amsterdam Stock Exchange

Information:

MANO SECURITIES CO. LTD.

A distribution of \$ 0,1048 per ditry share less any applicable will be psyable on and after Oec 39, 1986 open presentation of a No 14 at any of the following of MORANY OF MEM YORK COMPANT OF NEW SURN.

- 35, avenue dee Arts.

- 1940 Brussele

BANCUE INTERNATIONALE A
LUXEMBOUNG
Boolevard Royal 2, Luxembourg

REFURBISHMENT

Interest Rate

Interest Period

29th June 1989

Interest Amount per

U.S. \$10,000 Note due

The Financial Times proposes to publish this survey on:

US. \$250,000,000

Crédit Lyonnais

Subordinated Floating

Rate Notes Due December 1999

Credit Suisse First Boston Limited

Reference Agent

99/16% per annum

29th December 1988

29th June 1989

U.S. \$483.44

10th January 1989

For a full editorial synopsis and advertisement details, please contact:

Penny Scott on 01-248 8000 ext 3389

or write to her at:

Bracken House 10 Cannoo Street Loodon EC4P 4BY

FINANCIAL TIMES

Sugar Bus

· . 1977

U.S. \$100,000,000 African Development Bank

ALLIANCE LEICESTER

Alliance & Leicester Building Society

£125,000,000

Floating Rate Notes 1993

Notice is hereby given that the Interest poyable on 30th January, 1989 will amount to £632.94 per £10,000 Note.

Applicable interest rates are 2s follows: Appacable interest rates are 25 tottows: 25th July, 1988 to 25th August, 1988 – 10²⁷/z 25th August, 1988 to 25th September, 1988 – 11¹⁹/s 26th September, 1988 to 26th October, 1988 – 12³/s 26th October, 1988 to 28th November, 1988 – 12³/s

28th November, 1988 to 28th December, 1988 – 13,21875 28th December, 1988 to 30th January, 1989 – 13

Morgan Guaranty Trust Company of New York

Subordinated Floating Rate Notes due 1996

in accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from December 29, 1988 to June 29, 1989 the Notes will carry an interest Rate of 946% per amount will be U.S. \$483.44.

By: The Chase Manhattan Bank, N.A. London, Agent Bank December 29, 1988

CHASE



Anglia Building Society

£150,000,000 Floating Rate Notes 1996

In accordance with the provisions of the Notes, notice is hereby given In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period 23rd December, 1988 to 23rd March, 1989 has been fixed at 13.08 per cent. per annum. Coupon No. 10 will therefore be payable on 23rd March, 1989 at £3,225.21 per coupon from Notes of £100,000 nominal and £161.26 per coupon from Notes of £5,000 nominal.

S. G. Warburg & Co. Ltd.

Agent Bank

FT INTERNATIONAL BOND SERVICE

AUSTRALIA

Closing prices on December 28 Closing prices on December 2B Chapte at Samed Bid Offer day west Yield 1.55 1024 1024 0 0 0 4.70 4.51 981 981 0 +014 4.91 90 991 991 0 0 4.60 20 1014 1019 0 0 4.94 30 1004 1004 0 0 4.99 90 1014 1013 0 0 4.84 95 1014 1014 0 0 4.88 105 1014 1013 0 0 4.88 105 1014 1013 0 0 4.88 105 1014 1013 0 0 4.86 1014 1014 0 0 4.75 90 90 90 90 90 0 4.75 90 90 90 90 90 0 4.75 90 0 ### Change of Ch

| DESTITION | Charge | Color |

| Properties | Pro ? Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in militons of currency units except for Yea bonds where it is to billious. Change on week — Change over price a

sarius.
Rate Notes: Denominated in dollars unless otherwise Indi-Coupon shown is minimum. C.dte = Date next coupon becomes we. Spread = Margin abore six-month offered rate (athree-sabowe mean rate) for US dollars. C.com = The corrent

August.

Servible Bonds: Denominated in dollars unless otherwise indicated.

By. day - Change on day. Cav date = First date of conversion into ares. Cov., price - Nominal amount of bond per share expressed currency of share at conversion rate fixed at issue. Prem - Percent Bernnium of the currenteffective price of acquiring shares via the late over the most report and the shares.

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Belhaven group

reeigns, Roy Ung becomes chairman

Ronnie Aithen

chairman

Eric Morley, ohelemen

1990

capacity of 100,000 barrels, saw its brewing profits slip by two-thirds to £217,000 for the six

months to July.
Mr Virani is confident that

Share price (pence)

60

50

1978

nange at e top ngineering

Virani back behind Belhaven bar

By Vanessa Houlder

MR NAZMU VIRANI, property entrepreneur, yesterday announced plans to regain control of the Belhaven brewing and hotel interests. Control Securities, his property and lei-sure group, is buying Bel-haven's brewery, its 41 pubs and the Belplaya hotel in Spain

for 58m in shares.
Under this deal Belhaven has relinquished its name and severed its ties with the past. It. is the latest of many shifts in direction which have accompanied frequent boardroom changes in the past decade.
Following the sale, Belhaven, which has not yet decided on its new name, will be focused entirely on its restaurant businesses, which comprise Garfunkels, Biguns and Deep Pan Pizza Restaurant chain. It has £7m in cash.

In a next twist, the deal

In a neat twist, the deal brings Mr Virani's involvement with Belhaven full circle. He became chairman of Belhaven in 1984 but sold his 29 per cent stake in 1986 to concentrate on

Control Securities.

Mr Virani has now done a deal with Belhaven intended to reverse the fortunes of its Scottish brewery.

Belhaven, currently operating at a quarter of its annual

Textron holds

44% of Avdel

Textron, the large US conglomerate which is making a £125m bid for Avdel, the UK

fasteners group, says that share purchases made just

ahead of Christmas have taken

its interest to 44.1 per cent of its target'e voting rights (as enlarged by the exercise of cer-tain share options). This figure

includes shares owned by cer-tain institutions which have indicated support for the Tex-tron offer. Rival bidder, Banner

Industries, owns 42.7 per cent of Avdel's voting rights on a similar, fully-diluted basis.

By Nikki Tait

Mr Virani is confident that he can double demand for Belhaven's beer - "the Rolls-Royce of beers" - by selling it through Control Securities' 200 existing pubs. Every 10,000 barrels brewed adds £500,000 to the bottom line, he says. The deal is, according to Mr Virani "the best Christmas present I could have got." The assets of £7.8m, after £10.5m of bank borrowings, exceed the ests. He was replaced as chief executive by Mr Phillip Kaye, chief executive of the Garfunbank borrowings, exceed the value of the 12.5m Control Kelt declares Carless bid

By Nikki Talt

NOTICE OF REDEMPTION

CITICORP •

1134% Notes due February 1, 1992

NOTICE IS HEREBY GIVEN THAT Citicorp has elected to redeem on

February 1, 1989 (the "Redemption Date") all of its outstanding 1134% Notes are February 1, 1992 (the "Notes") at a redemption price equal to

the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes will coose

The Notes are to be redeemed at the main offices of Citibank, N.A. in London, Brussels, Paris, Frankfuri am Main, Amsterdam, at the main office of Citicara layestment Bank (Lucembourg) S.A. in Lucembourg, at the

main office of Circorp Investment Bank (Switzerland) in Zurich, or at the main office of Christiania Bank og Kreditlasse in Osla.

The Notes should be presented and surrendered at the offices set forth in

the preceding paragraph on the Redemption Date with all interest

Coupons due February 1, 1989 should be detached and presented for

Portsmouth Building Society

Notice is hereby given in accordance with the Society's Rules that as from the 1st January 1989, the following

rates of Interest will be paid.

6-50%= 6-61%= 8-81%==

8-15%= 8-32% 11-09%

9-45%= 9-67%= 12-90%

9-65%= 9-88% 13-18%

coupons maturing subsequent to said date.

payment in the usual manner.

By: Citibank, N.A. Fiscal Agent

ORDINARY SHARE

7 DAY SHARE

30 DAY SHARE

90 DAY SHARE

December 29, 1988

THE BITTERLY-FOUGHT 2008n bid by Keit Energy for the larger oil independent, Car-less, was finally declared fully unconditional yesterday. Keit also announced that it would be closing its cash alternative offer on January 12.

The offer had already been declared unconditional as to acceptances, and yesterday Kelt said it now controls 78.16

per cent of Carless'e shares. The announcement brought a brief response from Carless, which said it had convened a

CITIBANCO

fully unconditional

Represent Miquel quita Philip Kayo becomes chief

Sale browing interests and hote

Securities' shares issued to buy

them. The shares closed

The sale follows September's departure of Mr Raymond Miquel, chairman and chief

executive, who previously headed Arthur Bell until the whisky distiller was taken over

1984 . 1986

unchanged at 48p.

by Guinness in 1985.

ing, at which its advice to shareholders will be considered. A short, informal meeting between the two companies' advisers took place yesterday. Included in the Kelt tally is the 27.19 per cent of Carless held by London Merchant Securities, the investment group LMS pointed out yesterday that it will receive some £56m for its stake before expenses, a surplus of £23m

over the valuation of the hold-

ing in its 1987/8 balance sheet.

board meeting for this morn-

ship, Belhaven returned to the dividend list and the share price improved from 18p to 85p in 1986 when, under pressure from the City to concentrate his deals on Control Securities, Mr Miquel's departure was triggered by a "difference of opinion" thought to concern the future of the brewing interhe sold to Mr Miquel.

Marinex Petrol for the USM

kels restaurant business which

joined the group in a £98.2m deal in May 1987.

These events were the latest in a series of boardroom tus-sles which have taken place

since the late 1970s with an almost farcical regularity. The troubles first came to a

head in 1979, when the com-

pany moved into loss and the

auditors qualified their report.

Mr Gordon Currie, chairman,

resigned - paving the way for a succession of five chairmen in

The last of these was Mr Eric Morley, under whom Belhaven dabbled in holiday camps,

hotels (including the Belplaya)

and his Miss World company. In 1984 Mr Virani took over

as chairman. In his two years

with the company, he attempted to revitalise the

brewing interests by using

pubs as a customer base. How-ever, it was his interest in

property assets that is now remembered by the City. Under Mr Virani's chairman-

the next five months.

By Fiona Thompson

Marinex Petroleum, oil and gas production and exploration group, is to join the Unlisted Securities Market by way of an introduction eponsored by Kleinwort Benson Securities.

The company's shares were formerly dealt under Rule

Founded in 1971 and established as a public company in 1980, Marinex holds more than Im acres in 90 licences and permits in the UK and elsewhere in Europe. It is the operator for 24 of

these licences.

Bankers' Investment

NET ASSET value per share of The Bankers' Investment Trust at the year ended October 31 1988 was 89.90 compared with 79.7p at the same time last

Total income rose 17 per cent, from £6.06m to £7.1m, and comprised franked investment income of £3.6m (£2.6m), unfranked ,dividends from investments of £2.71m (£2.65m), interest from investments other income of £107,000 Debentures and interest pay-

able came to £1.74m (£1.79m) and administration expenses were £776,000 (£659,000). After tax of £1.83m (£1.06m)

0.66p makes a total for the year of 1.92p (1.6p).

Heath food setback leads Northumbrian into losses

A COMBINATION of increased overheads and well-below budoverheads and weit-below bun-geted sales pushed Northum-brian Fine Foods into a loss of £162,000 for the half year ended September 30 1988, compared

to a profit of £336,000.

The group had been "taken by surprise" at the sudden fall in sales of health food products, the directors said.

Turnover rose to £3.48m

(£2.2m) but the gross profit stayed at £539,000 (£530,000). Loss per share came to 1.8p (earnings 3.2p). The interim dividend is held at 0.75p.
Until the launch of three interiments are products in the

important new products in the new year the group's perfor-mance would not change, and no material improvement in figures was expected until March.

Radiant up to £163,000

BOARD MEETINGS

UNIBOND TRUST

Copies of a Half-yearly Report to 1st November 1988 with an Explanatory Memorandum are now available to shareholders from:

(Channel Islands) Limited, PO Box 152 Rue Des Meilles, St Helier, Jersey CHANNEL ISLANDS. (Tel: 0534 67888.)

BARCLAYS

Citicorp Banking Corporation U.S.\$250,000,000

Pursuant to Peragraph (d) of the Terms and Conditions of the Notes notice is hereby when that the period in respect of Coupon No. 13 will run from January 15, 1989 to April 13, 1989. A further notice will be published advising Rate of interest and Coupon amount payable.

December 20, 1989 (conditions) December 29, 1988, Landon By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

Dewhurst Dent still hampered by imports

By Alice Rawsthorn DEWHURST DENT suffered a

fall in pre-tax profits from £1.49m to £1.22m in the year to July 19. This reflected the impact of increasing imports on the Lancashire group's textile interests and of the mild winter on its glove companies.

The company warned share-holder westerday that with holders yesterday that with textile imports continuing to rise and mild weather still depressing glove sales, profits might be "substantially lower" in the current financial year.
Sales rose from £17.25m to
£18.31m during the year. But
overheads were higher: distribution costs increased to £1.45m (£1.32m) and administration expenses to £2m (£1.56m). It also incurred higher interest charges

higher interest charges because interest receivable fell to £78,958 (£97,635) while interest payable rose to £110,012 (£100,202).

Earnings per share fell to 3.9p (5.4p). A dividend has been declared and paid on the 10 per cent preference shares.

The textila division began the year well. It then suffered the year well. It then suffered the effects of a surge of low-cost imports, fuelled by ster-ling's strength against the Far Eastern currencies, on its dress making activities. Its furnishing interests, however, performed well.

Profits from the glove interests were depressed chiefly by the mild winter weather. The Australian glove company was iffected by a fire, but managed

to perform well.

Since the year end the group has taken a holding in a computer hardware company. Dewhurst said that, despite the slowdown in dresses and gloves, it was "in a strong financial position."

Channel Hotels lifts Marier stake

Channel Hotels and Properties, a Jersey-based company, has raised its stake in Marler Estates, the property group, to 5.01 per cent. The latest 200,000 shares were bought at 82p, compared with yesterday's market price of

Marier's most famous assets Marier's most tamous assets are the London grounds of three football clubs, Chelsea, Fulham and Queen's Park Rangers. It was headed by Mr David Bulstrode until his death in September.

Hillsdown in earnout change

Hillsdown Holdings, the food, furniture and property group, has renegotiated an "earnout" agreement with Hampstead

agreement with Hampsteau Properties.

It will now acquire 75 per cent of Hampstead Properties for around £6.7m. In December 1987, £1.5m was handed over, and the balance will be satisfied by the issue of 2.26m new shares to the vendors. They will also retain the other 25 per cent of Hampstead Properper cent of Hampstead Proper-

The previous earnout agreement required stage payments to be made on a pre-tax prof-its-related basis, over four

MNOPF gets more **Edinburgh Fund**

The Merchant Nevy Officers'
Pension Fund continues to
pick up shares in Edinburgh
Fund Managers, the Scottish
fund managament group
which is subject to a recommended offer from British
Invastment Trust

Investment Trust.
Having purchased another
180,500 chares at 191p,
MNOFF now holds 834,000, or
5.6 per cent. The offer from
British Investment Trust,
which is at the contourned by which is 85 per cent-ownedby the British Coal Pension Funds, is pitched slightly below MNOPF's buying price, at 185p a share.

Mr Geoffrey Musson, at the MNOPF, has described earlier purchases as "a useful invest-

ment".

PIONEER ELECTRONIC CORPORATION

Notice is hereby given to holders of CDR'e issued by Carlibbean Depositary Company N.V., Curação, evidencing shares in the above company that the annual report of Pioneer Electronic Corporation for the financial year ended 30th Sep-tember, 1988, may be obtained

Caribbean Depositary Company N.V. 6 John B. Gorsinweg Willemstad, Curacao Pierson, Heldring &

Plerson N.Y. Herengracht 214 1016 BS Amsterdam

The Bank of Tokyo Ltd. established in: Tokyo, Bruxelle London, Düsseldorf, Paris and New York.

Plerson, Heidring &

Tate expands in Europe via £44m Spanish buy

TATE & LYLE, the sweeteners group, is to donlie its increased its effective interest in Campo Ebro, Spain's second largest producer of cereal sweeteners and starches.

Amylum, a Belgian company of which Tate holds 63.3 per cent, will pay Pta 8.98bu (£43.7m) to raise its etake in Campo Ebro from 48 per cent to 26.9 per 48 per cent to 96.9 per

The move is the latest expansion of Tate's starch interests in continental Enrope, part of an international strategy to diversify from its traditional UK cane-refining base.

As a result of several deals explice this year.

deals earlier this year, Tate hae become the world's largest sweeteners group, with an unrivelled range of products and geographical markets In the US, it bought Staley,

the second-largest corn syrup producer, and Amstar, the largest cane refiner. Tate is also a leading sugar beet processor in the US.

nology group of companies -such as Tunnel Refineries -from 33.3 per cent to 62.3 per Like Staley, Campo Ebro produces starches and sweeten-ers from maize, for which its annual grind capacity is 200,000 tonnes.

Its quota for high fructose corn syrup is the second largest in the European Community and represents 15 per cent of the total.

of the total.

Campo Ebro, which made a pre-tax profit of Pta 1.83m in 1987, says margins heve improved this year.

The shares in Campo Ebro are being sold by two Spanish banks, Banco de Bilbao-Vizcaya and La Caja de Ahorros y Monte de Piedad de Zaragoza, Aragon y Rioja Zaragoza, Aragon y Rioja (Cazar). The latter will retain u 2.7

per cent interest, and an offer will be made for the 0.4 per cent still in other hands.

Pavilion in further leisure buy

By Clare Pearson

PAVILION LEISURE yesterday unveiled another sizable addition to its leisure interests with the £9.1m purchase of Hawkstone Park, a 300 acre site in Shropshire incorporating two golf courses, a conference centre and a hotel

This is the second big pur-chase by Pavilion, formerly a Glasgow theatre proprietor, following a boardroom reshuffle in August. In October, Pavilion paid £2.15m for the Aston Hippodrome, Birmingham, and also eliminated its indebtedness with a £1.31m one-for-one

rights issue. Consideration due to Farpeak, Hawkstone's vendor, comprises £2.78m cash, the issue of 2.02m ordinary shares at 135p each and 3.17m convertible cumulative preference shares at £1 each, and settlement of inter-company debt. Should Hawkstone's pre-tax profits for the eight months from March to end-October next year be less than £467,000, Farpeak will pay to Pavilion an amount equal to twice the

Peek sells offshoot of Dubilier

By Flong Thompson

PERK, the electronics and technology group created out of a shell company earlier this year by South African industrialist Mr Kenneth Maud, yester-day announced the sale of A Blundell, its Coventry-based subsidiary which makes turned parts. Blundells was acquired as part of Dubilier international, the electronic components manufacturer purchased by Peek for £107m in June.

Blundells is being sold to Mr David Blundell, a grandson of the founder and a former direc-tor of Dubilier, for £Am. Of Peek would be looking to sell at least one other, possibly two, of the husinesses that

this, £2.5m is payable on cash on completion and the balance is payable in three equal

Net assets of Blundells at December 21,1999 are estimated. secured instalments at the end

of 1989, 1990 and 1991. Mr Jim Sanger, finance director, said Peek was selling Blundells because "our busi-ness is electronic technology and the epplication of electronic technology. We do not plan to be in companies that use a large amount of capital but are small cash generators."

Net assets of Blundells at December 31 1988 are estimated at ebout £3.75m. For the 65 weeks to December 31 1987, the latest published accounts of Dubilier, net profits before tax attributable to the Blundell operations were about £450,000.

Mr Sanger said Peek should have \$27m in cash by the year end of December 31, and the company was searching for

Maybox prefers Chesterfield CHESTERFIELD PROPERTIES 300p offer from Stoll Moss ised to work with Maybox's

has published the offer document for its recommended £7.1m takeover of Maybox Group, owner and manager of West End theatres including the Albery, Criterion, Piccadilly, Whitehall and Wyndham's.

Maybox directors say they prefer the Chesterfield bid, cinemas. Worth 250p a share, to the rival ... Chesterfield has also prom-

Theatres, operator of 11 Lon-don theatres.

existing management and staff.

Maybox management itself

Maybox believes a takeover by Stoll Moss would run the "considerable risk" of reference to the Monopolies and Mergers Commission. In con-trast, Chesterfield has an inter-

est in only two London thea-tres and three West End

had previously offered 200p to buy the company. Although this bid had received a majority of irrevocable acceptances, it was predicated on no other offer emerging before it was declared unconditional on or before March 31 1989. When another offer came, the Take-over Panel allowed the offer to

FINANCIAL TIMES STOCK INDICES
 Dec.
 Dec.
 1988
 Sface Compilation

 20
 19
 16
 High
 Low
 High
 Low

 87.26
 87.01
 86.85
 91.43
 86.18
 127.4
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 96.06 96.15 98.67 105.4 Fixed Interest 1436.2 1432.4 1435.0 1438.3 1434.6 1436.0 1514.7 1349.0 1926.2 43.5 1774.0 1768.7 1772.6 1777.4 1770.5 1773.7 1879.3 1694.5 2443.4 FT-SE 100

BUSINESS AND EDUCATION

OMRON TATEISI ELECTRONICS CO.

ELECTRONICS CO.

Advice has been manived from Toloy that pryment of a Coat Divident of your also per share has been made for the pix months present on admit a Coat Divident of your also per share has been made for the pix months period conding Stift September 1988.

The divident will be psychial in United States belong: feacept to recite at the United Regional and will amount to 50.2815 per begoeing them before dedication of any separated with the olding Tex.

RESIDENTS OF THE UNITED KINGSDOM will netalve payment in studing converted at the rate of exchange noting on the day of presentation of the coupons.

RESIDENTS OF THE FOLLOWING COUNTRIES who are subject to dedication of the payment of the day of 15%, will receive a not dividend of SUZ280 per Depository share also dedication of Withholding Tax amounting to 50.0392.

Austrolia, Beiglum, Carracta, Cammeric, First G. Beiglum, Carracta, Dammeric, First G. Beiglum, Carracta, Dammeric, Serious, Serious,

enicuring to \$0,0523.
RESUDENTS OF THE REPEBLIC OF KORIEA who are subject to deduction of Jepanese Withholding Tax at the reduced red \$0,000 per Deposition where the deduction of Withholding Tax amounting to \$0.0918.

SD_SD2 pair Depository elementher deduction of Withholding Tax amounting to SD_SD3.

TO GETAIN PAYMENT UNDERS DESUCTION OF JAPANESE WITHHOLDING TAX AT A REPUISED PAYTE, THE COUPPING MAY A REPUISED PAYTE, THE COUPPING SMIST SEE ADDITIONAL PROPOSITION OF THE STATE OF THE STATE OF THE SMIST SEED OF THE STATE OF THE SMIST PAYOR SMIST SEED OF THE SMIST PAYOR SMIST SEED OF THE OFFICES LISTED SEED OF THE SMIST PAYOR SMIST DESCRIPTION OF WITHHOLDING TAX AT THE FIRLT RATE OF 25%. Assention to drawn to the last that the afternational concessions resident to Japanese Withholding Tax apply only to coupons prevented for payment with the months of the report date La. 30th September 1988. Therefore, tax will be deducted at the dat rate of 20%, and it will be the responsibility of the country to claim from the Japanese Tax Athorities say related to the state of 20%, and it will be the responsibility of the Coupping SMIST PAYOR SMIST SMIST

Bank of Tokyo Limited, Immeritariastranae 43, 4000, Dussaldorf 1, Federal Republic of Germany.

Federal Republic of Germany Bank of Tokyo Limited, Augment des Arts 47-48, 1046, Brussets, Seighen. Benk of Tokyo Limited, Surherland House, 3 Chater Floet, Hong Kong. Bank of Tokyo Trust Co, 100 Broodway, New York, U.S.A. In the case, of Coupons presented for pay-ment in London, United Kingdom Tex will be obtained train this presented at these accom-panied by an inland Revenue Allidovil of Nan-Raeldonso.

Hill Samuel Benk Limited, 45 Beech Street, London EC2P 2LX.

The Pinnucial Times proposes to publish this survey on: 1st February 1989

> Penny Scott on 01-243 8000 ext 3389 eracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

SPONSORED SECURITIES

3.5 7.8 3.4 2.1 2.7 6.7 5.2 11.0 4.3 4.3 8.7 12.3 14.7 4.4 12.0 9.4 3.4 7.8 3.3 31 11.9 287 245 Mait/house NV (AmstSE) 261 7.5 8.0 7.7 10.7 2.7 8.0 22.0 7.0 4.0 2.0 36.9 2.8 13.4 10.7

10.7 -3.0 9.8 7.4 6.2 9.4 4.6 67.3 Securitles designated (SE) and (USM) are dealt in subject to the rules and regulations of The

Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA These Securities are dealt in strictly on a pratched bargain back. Neither Granville & Co Limited our Granville Daviso Limited are market makers to these securities

Granville & Co. Limited. \$ Lows Lane, London EC3R SBP Telephone 01-621 | 212 Metaber of TSA

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FT 30 FTSE 100 WALL STREET

Dec. 1442/1451 +7 Dec. 1786/1796 +13 Dec. 2164/2176 -1

Mar. 1463/1472 +10 Mar. 1812/1822 +16 Mar. 2174/2186 -1

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\$ Sept. 1

The Rate of Interest on all discontinued issues of Notice Shares, Period Shares and the current Subscription Share will be increased by 0.6%. ed Annual Rate if Half-Yearly Interest is Credited to the Accouse. All sales are well Equivalent Rate to a Besic Rate Texpayer. Eligible for investment by Tristees. Assets your encode \$650,000,000 Head Office: Cherchill House, Winston Cherchill Avenue, Portuneuth FOt 2EF. Talephone: (0708) 291291. ortsmouth Building Society

> **Notice to Holders DINO2AID**

> > 61/2% Convertible

Subordinated Debentures

Due 2001 On July 20, 1988, the Board of Directors of Diasonics, Inc. declared a dividend of one one-hundredth of a share of Series A Junior Participating Preferred Stock (a "Share Purchase Right") for each outstanding share of common stock of the Company. The dividend was payable on August 1, 1988 to stockholders of record on that date. Such Share Purchase Rights, if then outstanding, will be available to Holders of Debenaires upon

> Diasonics, Inc. 280 Utah Avenue South San Francisco, California 94080 U.S.A.

Trust assets improve totalling 2687,000 (£652,000) and (£159,000).

earnings per share came out at 2.07p (1.62p). A fourth interim dividend of

A 49 per cent rise in pre-tax profits from £110,000 to £163,600 £724,787.

was achieved at Radiant Metal The interim dividend is unchanged at 1p. Earnings per August 31 on turnover ahead 12½p share were 7.82p (5.26p).

BARCLAYS

Barclays Unicorn International

anteed Floating Rate Subordinated Capital Notes Due July 10, 1997 Unconditionally Guaranteed on a Subordinated Basis by

Amsterdam, 22nd Dec. 1988

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES These Indices are the joint compliation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS	W	ednesa	ay Dec	ember	28 19	88	Fri Dec 23	Thu Dec 22	Wed Dec 21	Year ago (approx)	
Fig	& SUB-SECTIONS gures In parentheses show number of stocks per section	Index NQ.	Day's Change	Est. Earsings Yield% (Max.)	Gross Olv. Yleid% (Act at (25%)	Est. P/E Ratio (Net)	nd adj. 1988 to date	index No.	Index No.	Index No.	index No.	
1	CAPITAL GOODS (208)	774.87	+1.0	12.09	4-59	10.13	25.81	767.34	766.12	764.13	711.62	
3	Contracting, Construction (39)	743.00	+1.1	13.50	4.82	9.11	33.75	933.04				
4	Electricals (10)		+1.2	13.42	4.14	9.71	47.27	1454.39		1449.32		
5	Electronics (30)	2270.75	+0.8	9.45	4.92	12.76	70.35 47.99		2257.25		1997.63	
6	Mechanical Engineering (54)	1.702-70	+0.9	10.64	3.70	12.16		1747.54				
B	Michael and Market Farming (54)	980.70	+0.9	11.58	4.54	20.50	14.46	403.15		403.38	359.86	
9	Metals and Metal Forming (8)	434.//	+9.9	16.62	6.36	6.86	14.35	450.77	450.55	450.28	423.58	
10	Motors (16) Other Industrial Materials (23)	523,17	+2.5	13.00	5.23	8.89	9.91	255.25	255.71	257.03	263.69	
21	CONSUMER GROUP (16B)	1204'21	+0.0	20,45	4.78	11.31	46.27	1293.57	1290,48	1292.10	1221.76	
22	Provided Control (C2)	1018,52	+0.9	18.22	4.09	12.27	30.45		1898.40	1005,79	1015.53	
	Brewers and Distillers (21)	1114,81	+0.4	11.44	4,00	10.92	32.36	1110.13		1109,15	977.12	
25	Food Manufacturing (21)	723.36	+1.2	9.92	4.17	12.65	27.A5	912.79		905.91	123.73	
20	Food Retailing (16)	1781.29	+1.1	10.19	3,93	12.91	51.41		1764.43	1768.82	2037.98	
29	neziti and nousenoid (15)	1083.42	+1.2	7.44	2.80	15.39	40.69		1780.35			
	Leisure (31)	1341.78	+0.7	9.21	3.96	13.88	37.84	1332.53	1330,12	1331.75		
37	Packaging & Paper (17) Publishing & Printing (19)	521.91	+1.0	10.68	4,32	11.64	16.37		514.95	515.48	498.61	
35	Francishing & Printing (19)	3220.74	+0.8	9.49	4.76	13.18	108.57	3194,86	3176.65		3291.13	
걅	Stores (34)	003,20	+0.9	12.46	5.04	10.55	25.04	677,01	675.61	673.32	836.82	
22	Textiles (16)	460.83	+14	15.10	6.10	7.94	19.12	454,46	453.54	448.75	563,38	
**	OTHER GROUPS (92)	893.36	+0.7	11.73	4.82	18.42	32.32	889.65	885.74	886.26	837.91	
	Chamies I (22)	1942.03	+1.3	8.63	2.71	24.54	21.60	1029,17	2026.49	1025.40	1032.60	
**	Chemicals (22)	1020.73	+1.0	12.41	5.13	9.67	41.76		1007.03			
*2	Conglomerates (12)	1247.42	9.1+ 8.0+	11.82 12.10	5.73	9.81 10.80	54.04 62.70		1236.63 1835.31			
37	Te)ephone Networks (2)	1030.73		11.75	5.87 4.70	11.96	35.23	999.76	995.55	1846.93 995.55		
	Miscellaneous (25)		+0.8	12.17	4.64	9.35	41.15		1169.24		823.16 1148.88	
	INDUSTRIAL GROUP (488)					11.08						
			+0.9	11.15	4.43		30.47	928.05	926.01	\$25.23	897.49	
	011 & Gas (12)		+0.3	10.62	6.42	12.85				1749.49		
59	500 SHARE INDEX (500)		8.0+	11.08	4.71	11.21	34.87	996,49	994,15	995,02	963.71	
62	FINANCIAL GROUP (123)	672.11	+0.5		5.38		26.60	668,55	646.98	669,98	639,61	
62	Banks (8)	661.63	-0.1	21.42	6.56	6.26	32.18	662.05	657.70	663.85	645.67	
65	Insurance (Life) (7)	932.65	+1.0	- 1	5.77	- 1	39.81	923.77	921.84	931.68	950.99	
66	Insurance (Composite) (7)	524.52	+0.6	1	5.96		24.84	521.28	519.50	521.36	507.32	
	Insurance (Brokers! (7)		+1.1	9.62	7.13	13.00	44.07	901.14	902.77	904.03	899.17	
68	Merchant Banks (11)	329.05	+0.1	=	4.70		10.93	318.75	320.38	317.80	337.59	
69	Property (52)	1208.71	+1.2	5.93	2.84	21.58			1190.74	1194.23	983.21	
	Other Financial (31)	341.72	+6.1	20.32	5.79	12.13	15.48	349,93	31.12	341.91	377.76	
71,	Investment Trusts (76)	916.99	+0.7		3.30		21.38	910.73	989.22	909.96	780.23	
51	Mining Finance (2)	564.57	+1-4	16.83	3.70	10.29	15.67	556.61	555.13	553.88	447.03	
	Overseas Traders (8)		+1.3	9.22	4.97	12.58			1256.38		944.97	
ool	ALL-SHADE INGEY (709)	922 57	40.8	_ 1	474	_	32 22	975.52	911 42	414 61	875 42	

	FIX	ED I	NTE	REST	Г		AVERAGE GROSS REDEMPTION YIELDS Wed Fri Dec Dec 28 23 42	Year ago approx.)
	PRICE INOICES			xd adj. today	xd adj. 1988 to date	2 Coupons 15 years 9.49 9.46	8.69 9.40	
3 4	8ritish Government 5 years 5-15 years Over 15 years Irredeemables All stocks	118.46 133.86 146.79 169.27	-0.23 -0.20 -0.18	118.92 134.24 147.08 170.58 132.21	0.97	14.01 14.10	4 Medium 5 years 10.54 20.49 5 Coopons 15 years 9.77 9.68 6 25 years 9.30 9.28 7 High 5 years 10.72 10.67 B Coopons 15 years 9.84 9 9.82 9 9.30 9.30 10 Irredemables 9.32 10 Irredemables 8.94 10 B.92	9.24 9.31 9.57 9.52 9.40 9.73 9.49 9.14
6 7 8	Inter-Linked 5 years Over 5 years All stocks	129.63 126.50 126.55	-0.09 -0.27 -0.25	129.75 126.85 126.87	111	2,44 3.54 3.43	Index-United 11 Inflation rate 5% 5yrs. 3.78 3.73 12 Inflation rate 5% 0ver 5yrs. 3.77 3.75 13 Inflation rate 10% 5yrs. 2.54 2.48	2.87 3.95 3.31 4.03 11.03 11.08
_	Preference	_		86.08	0.13 0.21	6.62	1171 25 Wars	10.67

- 4.74

20pening Index 1774.3; 10 am 1779.1; 11 am 1782.3; Noon 1784.8; 1 pm 1785.1; 2 pm 1785.3; 3 pm 1786.6; 4 pm 1786.1; 4.05 pm 1786.2 (a) 4.50 pm (b) 9.00 am r F Lat yield, Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London ECAP 4BY, price 15p, by post 34p. CONSTITUENT CHANGES: Virgin Group (29) has been deleted and replaced by Compass Group (29).

RISES AND FALLS	YESTI	RDAY	
British Funds Corporations, Dominion and Foreign Bonds Industrials Financial and Properties Ols Plantations Mines Others	Rises 1 11 519 230 32 0 53 104	Falls 97 17 181 58 14 1 25 45	Same 13 22 881 383 58 12 111 101
Totals	950	438	1,581

	LONDON RECENT ISSUES													
EQUITIES														
issa: Print	America Paid	Latex Beneze date	I Tigh) Low	Stack	Closing Prior	+#	+ or Bet Ow.		Grox Vetal	爬			
58 12 + 8 12 12 12 12 12 12 12 12 12 12 12 12 12	P.P.P.P. P.P.P.P.P.P.P.P.P.P.P.P.P.P.P.	16/12	637 14 15 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	151 584 47 251 54 12 15 15 15 15 15 15 15 15 15 15 15 15 15	Alposito Metais 10p Adepolis Wasch Peels. 3p Adepolis Wasch Peels. 3p Elitt Wascrasts Earners Errop 10p Betaciem 11p Betaciem 12p Betac	383일다퇴판교다 ^조 정목왕퇴핓년출명 <u></u> 달당	+1/2 -1 +1	12.0 10.45 12.65 18.55 18.54 18.25 13.0 13.0 13.0 13.0 13.0 13.0 13.0 13.0	293 -40449773922414 - 2882835	401 21858877887333443 -1455646	1135 266574 25778 11073			

base	Amount	Latest	1988			Closing	Γ
Price	Pald	Resusc		_	Stock	Price	۱+°
	-	Date	High	Low	1	£.	ł _
1000	F.P.	·	96p	85p	AMEC New 6 /2 p (Net) Can Cv Rd Pf 50p	88p	
100p 100p 100p 100.3p 100 5100p 100p 100p 100p 100p 100p	品		10030	103p	Mapollo Metals Spiller) Cm Rd Pf 10p Arrington Sec. 912pc Cm. Rd. Pf. 2008	103p	1
100e	1 (1)		1116	1060	Bardon Gro So(Net) Or Cm Rd Pf 100	1060	-3
100.3p	∫ F.P. (103	940	Blackwood Hodge 9oc Cm. Pf. £1	1060 960 103	l -
100] 段]	•	103	98220	Cable & Wireless 7pc Cv Un Ln 2008	103	•
1000	1 700 1	1	993,0	4000	aCityvision 6.5ec Or Cm. Rd. Pf.	33.50	ł
1100s	NII		Loom	4,000	Jesses 7 Bothes Cr Co Rd Pf 50p	I SPORT	١.
100p	1 F.P.	-	950	860	Leisure lans 7pc Cm Cv Rd Pf(1988) £1	4 500 950	+1
100s	[]	-	760	997	Mecca Letsure Grp. 7.250 Cv Pf 20p N'wide Anglia 12 Soc 2.6.90	900	
41000	1 F2. 1	-	Qin.	900	Parkfield Gro 9pc(Net)Rd Pt '10/13 E1	920	ł
£100b	i F.P. I		100e	889	Rocinstre Gro 74 pc & Co Rd 2nd Pf	20 20 20 20 20 20 20 20 20 20 20 20 20 2	
1100s	F.P.	-	850 1049	800	M-Ten-pac 8o Co Rd Pto Pf 'Q1-'05 50o	850	١.
1905	{ F.P. {	•	104p	939	Williams Hidgs 8p (Net) Co Rd Pf 10p	940	+1

			R	GHT	S OFFERS		
Issue Price	Amount. Paid	Latest Remote	1988		Stort	Closing Price	١.,
P	9	Date	High	Low	1 300	P	٠.
165 98 220 300 16 21 ₂	MED MED MED MED MED		16pm 8pm 4pm 4pm	7pm Sper 14pm 14pm	Davi Lilder	12pm 8pm 2pm	-2 -1
_	Mil	:	21-pm lpm	1pm ≟pm	Swampard Studies 1p	1 2 pm 4 pm	
Forecast, of dividend, co- estimates fr annoxifised in by teader if haved in co-	on anyoese r estimates ret and ple or 1988, N I dividend, oo offered to osection wi	on test co f annually based on Nylderid a rer and ple bolders o th reorgan	apital 9 Ass ed dividend latest area nd yield base or catlo base of catloary Assation mer	mined divide rate, cover all faming ed on prospe don prospe shares as	estimates. Il Dividend mite paid or payable feed and yield a Dividend and yield extends in based on previous year? a sambigs. Less S.M. Dividend and yield based on Prospects sectus or other official estimates for 1999; clus or other official estimates, W Pro Fore a "rights." I strobaction. Placing price; your your. J. Albotment.price. p. Unlisted securities for Market.	special payr Issated aon is or other o Q Gross. If F na Plantes (I I Selaturale	ment. calls offici overa isso

ł	TRADITIONAL OPTIONS												
	:	First Dealings Last Dealings Last Declarations For settlement	Dec 19 Jan 8 Mar 30 Apr 10	For rate indications see el London Share Service Calls in Wimpey, Marley, 7: Oil, Lowndes Queensway,	ullow								

				LO	NDC)N	TRA	DED	OP.	ПО	NS 				PUTS	==
		==	CALLS		7	PUTS					Ţ.,	CALL	وسدا	Feb	May	PUA
Option		Jan	Apr	Jul	Jan	Apr	Jel	Ples	Option	1 200	Feb 24	32 20	36	15	15	10 18
Allied Lyons (*440 1	420 460	26 5	43 21	54 34	2372	101 ₂ 30	36_	1.5	151	200 220		17	18	3	5	6
Brit. Airways	160	17	13	17	21	22	岩	Predict C1.	त्तर्थको ५०)	160	3	6 3	! ?	岁	35	17
(*162) Bett, & Comm.	200	1 8	16	26 11	- 8 24	10 24	13 24		21	260	26	37 24	44	12	17	꿆
(*201)	220 240	Į į		6	42_	42	44	(+5	78)	280 390		\$3 33	123	23	17	22
8.P. (*252)	240 260	15	184	25	11,5	7 ¹ 2	10 22	(4)	R.T.Z. (*412)		1 10	33	1 43	, 2	. ~	. ~
British Steel	50	111/2	13½ 5¾	144	15	24	2 54				Feb	May	Sep	Feb	May	Sep
	50 70	4	2	3	912	214 912		Vaul	Option	60		149	15	1 2	8	13
Bass (*798)	750 800	57 20	82 47	179	28	25	15 30		(*\$67)		1 5	' '	, ,			
Cable & Wire (°373)	360 390	17 34	38 38	30	21	15	18 33		Option		Mar	Jun	Sep	74.F6	Jun	Sep 14
Cons. Gold (*1276)	1200 1250	4	160 135	200	23 40	另	75 95	Amst (*17		160 180	25 14	33	38 28	15	21	3
Courtaukis	1300 240	78 45 24	34 -	-	67	105	23	Barc	ays	390 420	37	40 23	47 28	25	11 25	14 28
(*261)	260	10	22 12	路路产	3 9 22	끯	15 22 34	8the C		390	46	50 30	62	15	12 24	78
Com, Union	330	11 24	22,	29	7 29	15 38	20 39	(*42 Olxe	01	120	26	19	22	1 5	8 15	10
(*334) G.K.H.	360 280 300	18	27	31 20	4	뱴	14	(*12	Ø)	120 130 1050	75	13	145	10 33 57	45	器
Grand Met.	420	17	13 27	20 42	13	15	25	Glas (*10	731	2200	75 52	B3	145		17	23
(429)	454	_ 3	12½ 52		26 15		42	Hawker (*53		500 550	53 23	63 33	80 50	11 27	17 38	48
I.G.I. (*1015)	1000 1050	32 10	28	88	8	35	72_	Hitisd (*23		220	29 14	35 20	40 25	212 912	15 10	1312
12912F (*263.)	240 260	26 10½	33 19	41 32	2 64	17 17	12 22	Low (*34	tio	330 360	40 29	56 42	62 48	25 44	36 56	43 62
Land Securities (*546.)	500 550 600	55	68 37	84	17 57	22 22	32 30	f £ ldian	d Bk	390 420 460	35	40 22	48 28	10 25	35	15 32
Marks & Spencer	140	14 2	14 20	27	_	58	62	(*42			4	10 21		412	60	- -
(*151*)	160	2	72	21 IS	18 30	36	发	Sea: (*11	<u>0 </u>	100 110 240 260	17 10	142	23 16	1 7	11	141,
STC (*270)	260 286	15	25 14	35 24	18	10 19	냺	Trusthous (°24	Trusthouse Forte (°249)		18 9½	29 171 ₂	34 23	10 21	12 23	25
Salesbury (*198.)	180 200	21	27 14	31 19	11/2	31 ₂	14	Thorn	Thern EMI (%23)		됐	72 37	75 45	125	22 50	30 55
Shell Trans.	317	22	31 18 10	37 27	2 6 16	7 15	16	Wello	Welcome ('415')		44	57 39	73 52	21	12 24	14 26
(*335)				18		25	25								(.)µn
Storehouse (*196 i	180 200	22	32	37 25	25	SK	25		Option British Gas		Jan 19	Mar 21 ½	Jun 26½ 11½	Jan	Mor 12	14
Trafalgar House 1°296 1	290 300	22	32 18	34 24	12	13	<u> </u>	(*15	BT (140	24	7	111/2	4 4 2 1	7 1	8
Utd. Biscuits (*284)	280 300	15	27 17	32 24	19	14 25	18 28		Option		Apr.	Jul.	Oct.	Apr.	Jul.	Oct.
Ultramar (*292)	25 28 28 28 28 28 28	25	38	46	7	16	25		Boots 220 (*230) 240		24 12	29 17	33 22	15'2	끎	15
Woolworth	220	18	25 26	29 16	16	26 10 14	12 18		Dotion		Jan			Jan		
(*230)	240	6 1	11	16 1	15 i	14	18	RHN	, <u>, , , , , , , , , , , , , , , , , , </u>	330 360	23	-		4	=1	=
Option	_	Jan	Apr	Aug	Jan	Apr	Aug	(*346	(*346.) 1 36		1 /2	' - '		. 20 .		
GEC (*187)	160 180 200	28	33	37 25 14	1	3	11 22	Option			Mar	Jul	Oct	Mar 16	Jul 24	Oct.
,	200	341	8 1	14	15 I	18 l	22	Beech:	•>	460 500	31 14	46 27	59 39	40	_44	27 47
Optios		Jan	Apr	Jun	Jan 1	Apr]	Jon	Untlea (*456		420 460	52 22	62 34	74 48	18	23	12 28
Rolls-Royce (*1.32 i	120	14	11,	15	3½ 10½	7 12	19		pelon		Mar	May	Aug	Mar	May	Aug
758		113	12	14	102	3	3½ 7½	BTR		280 380	25	27	33	5	8 17	912
(1047	100 110 120	11	3	4	12]	14	14	(*293 Hanso (*154		140	12½ 18½	13 21 71	235	1212	24	3.
								(*154 Teacs		160	18	74	11 -	8	3½	10½ 4 ¹ 2
Option		Feb	Age	Jel	Feb	Apr	Jel	r132		130	18	19	2 <u>1</u>	2 51 ₂	8 1	9 -
Ladiroke (*430)	420 460	24	33 131 ₂	43	18 12	표	17 37		ption		Jan	Boar		Jan	Mar	
								Enterprise (*470		460 500	30 17	50 33	- }	18 42	32 53	Ξ
Option		Feb	May	Aug		May	Aug	Scot. & Ne	wearde	360 340	32	44	Ξ	3 7	22	=
8rit Aero (*429)	420 460	29 10	36 38	48 29	37	24 47	28 55	4. h-40	. }	420)	8	26 15	- 1	32 Ì	22 37	
BAA (*269)	260 280	17	27	31 20	4 ¹ ₂	7	10 21		Option		Feb]	May	Aug	Feb	May	Ang
BAT finds (*450)	420 460	70	50	60	31/2	18,5	14		onv. 91, % 2005		2월	=			=1	Ξ
Brit. Telecore	240 260	22	晋	39 20	34	15	8	Tr. 12%		98 100 102	- 3		-글-	2 <u>7</u>	-	- -
Cadbory Schreepes	330	7 23	33	20 42 29	13	25 35	18 22 40	(*106	7"	盟	1	ΞΙ	ΞΙ	-13	Ξ	Ξ.
(*335) Goluness	360	912			32 11 ₀	4										
(*335)	300 330 360	18	48 26 11	56 34 18	11 ₂ 8 26	72 30	15 30	Optio FT-SE	1650	Dec	Jan F	eb M	_		Feb	Mar
LASMO (°481,)	420 460	80	_	110	8 15	15 23 33	2 <u>1</u>	(*1786)	7700	95 45	208 3	20 1	2 I ī	1,9	14	20
	500	59	48_	60	40		60	1 2700	1750 1800 1850 1900	412	28	95 5 20 3	8 15	4 9 17 34 65	14 25 43 73	30 50 77 117
P. & O. (*529)	500 550 600	124	52 22	557.6	28	1549	16 42		1900 1950	12 12 12	-4	10 1	8 11	כנג וכ	115	117
Pilkington	Plikington 200 12 19 22 6 11 14				14	December 28 Total Contracts 17 452 Calls 31 610 Date E 542						2				
(*203)	220	14 1	9½	14	21	22 1	26			·Un	derlying	5ecurity	price.			

WORLD COMMODITIES PRICES

99 ALL-SHARE INCEX 1709).

Records were set by copper end zinc on the London Metal Exchange yesterday. Grade A copper's price reached a record in sierling terms when metal for delivery in three months touched £1,760 a tonne during the morning offical ring dealings. However, the rise was mainly due to currency factors. The day's dollar-based peak price, 53,130 e tonne, was \$70 below the record reached earlier this month. Copper s)ipped back later in sympathy with an early retreal on the New York
Commodity Exchange, traders said.
Cash metal ended £3.50 a lonne down
on last Friday's level at £1,932,50 while three-months copper was unchanged at £1,750.50 a tonne. Three-month High Grade zinc staved at record levels alt day and ended 512.50 a tonne up on Friday's close at \$1,568.50 after touching \$1,570 at one point yesterday.

	Chord		
Dec	859	864	862 863
Mar	830	897	891 882
May	883	893	892 884
Jul	896	892	893 884
Sep	894	893	891 888
Dec	808	810	909 905
Mar	918	917	016 815
price f	indicator (or Dec 23	2511) lota o prices (SDR : 1146.86 1 1096.03 101	s per tonne). Daily 142,32):10 day aver
price f	indicator (or Dec 23	prices (SDR : 1146.86 [1	s per tonne). Daily 142,32):10 day aver
price fo	Indicator (or Dec 23: r Dec 27:	prices (SDR : 1146.86 [1	is per torine). Daily 142,32):10 day aver 19,68) .
price fo	Indicator (or Dec 23: r Dec 27:	prices (SDR : 1146.86 (1 1096.03 (10)	is per torine). Daily 142,32):10 day aver 19,68) .
price fo	Indicator (or Dec 23: r Dec 27: E 2/tonne Close	Previous	is per torne). Daily 142,32]:10 day aver 19,68) .
price for age to	Indicator (or Dec 23: P Dec 27: P De	Previous (SDR 1146.96 1 1496.03 109	is per tonne). Diath 142.32):10 day aver 19.68) . HighsLow 1193 1145 1206 1158 1205 1161
price for age to COFFE Jan Mar May Jiy	Indicator (or Dec 23: r Dec 27: E £/tonne Close 1182 1194	Previous 1174 1187	is per toone). Daily 142.32):10 day aver 19.89) . Hight.ow 1183 1145 1206 1158
COFFE Jan Mar May	Indicator (or Dec 23: P Dec 27: P De	Previous (SDR 1146.96 1 1496.03 109	is per tonne). Diath 142.32):10 day aver 19.68) . HighsLow 1193 1145 1206 1158 1205 1161

Crude oil (ocr barrel FOB)		
		+ 01
Dutai	\$13 25-3.35w	
Gren: Elect	\$15 90-6.00q	
WT.I [1 pm est)	516 95-7 00w	+041
Oil products (NWE prompt delivery per t	anno CIF)	+ or
Premium Gazoline	5170-173	-2
Gas Oil	\$150-157	+4
Heavy Fuel Oil	\$77-79	+1.5
Nashira	\$146-14 8	+5
Potroloum Argus Estimates	<u>' </u>	
Other		+ or
Gold (per tray onle	\$413.25	-4 50
Silver iper troy azi-	GD7c	-7
Platnum (per troy or)	\$531	-14
Patigisum (per Iray oct	S135 75	-0.75
Aluminium (free market)	\$2555	+ 15
Corper (US Producer)	165% -168c	
Load (US Producer)	41746	
Nickel Ifrog marketi	8-10c	-40
in (European free markef)		+225
Tin (Kuala Lumpur Market)		-0.03
fin (New York)	344 65c	-0.85
Z:nc (Euro. Prod. Price)	\$1500	
Zinc (US Prime Western)	15,50	
Cattle [live weight]?	113 650	+ 0.14
Sheep (dead weight)	170 15p	
Piga (live weight) T	81.530	-1.48°
ondon daily sugar (raw)	\$279.2b	+ 1.8
andon daily sugar (white)		+3
Tate and Lyle expert Drice		+ 1.5
arley (English feed)	£113a	
Value (US No. 3 yellow)	£131	
Wheat (US Dark Northern)	£120.75v	
Jupper (spot) P	57p	+2
Rubbor (Febi♥	64 75p	+1,50
Rubber [Mar] 🖤	6S 25p	
Rubber (KL ASS No 1 Jan)	289 Sm	+3.0
oconui eil (Philippines)S	SSEOu	
gine Oil [Malaysian]§	\$100	
Copre (Philippines)	5330	
lovabeans (USI	5:90 Ca	+15

5190.0q 62 35e 641p E a tonno unless otherwise stated, p-pencerko. e-cents/lb. r-mnggis/kg. c-Decision, w-Feb. v-Apr/ May, uslan Feb. Quian. IMest Commission everago fatstock prices. * chango from a week ago. Vicendon physical market &CIF Hetterdam. . Bullion market close, m-Malaysian centarkg.

	Closes	Previous	High/Law
Dec	859	864	862 853
Mar	830	897	891 882
May	883	893	892 884
Jul	896	892	893 884
Sep	894	893	891 888
Dec	809	810	909 905
Mar	918	917	016 815
Turno	ver: 2151 (2511) lots o	10 tonnes
Turnon ICCO price 1 age to	ver: 2151 (Indicator (for Dec 23:	prices (SDR	f 10 tonnes is per tonne). Daily 142,32):10 day ever-
Turnon ICCO price 1 age to	rer: 2151 (Indicator (for Dec 23	prices (SDR : 1146.86 [1	f 10 tonnes is per tonne). Daily 142.32):10 day ever-
Turnon ICCO price 1 age to	ver: 2151 (Indicator (for Dec 23:	prices (SDR : 1146.86 [1	f 10 tonnes is per tonne). Daily 142.32):10 day ever-

Raw	Close	Previous	High/Low
Mor	251,00	248.00	254.00 249.60
May	248.80	244.40	249.00 246.00
Aug	241,00	236.40	241.60 233.00
Oct	237.60	232.40	238.00 235.00
Dec	230,00	228.00	228.00
Wite	Clase	Previous	Nigh/Low
Mar	287.00	263.00	287.00 284.50
May	263.00	279 00	282,00 280.50
Auid	283,50	250.00	

POKEDOM MELLY EXC	HANGI	TRAI	O COPK	PTIO
Atuminium (99.7%)	C	alle	-	uts
Strike price \$ tonne	Jan	Mar	Jan	Ma
2400	169	168	2	86
2500	82	112	14	110
2000	26	73	58	168
Copper (Grade A)	G	alla	P	นเธ
3100	336	248	3	121
3300	163	163	29	302
3500	52	102	117	438

WOCL. Descript wool at the closing Australian sale before the christmas recess load to some caution amoung those liable to be caught out by any sudden surge in domand. Merchant others were withdrawn or limite One Bradford top maker withdraw quotasions and then returned to the marked lovels protectively 5-30p higher. The id a that buyers will be very active from the retumption of sakes in the second week of 1999 and prices might rise quite shortly. If UK Industry is all a standard over christm but there is one week of normal operation peteror sales begin.	ed. ed. ed. deal of The
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METAL IDIC	HANGE	{Pr	ices supplied l	y Amelgamen	d Metal Trading		
Clase	Previous	High/Low	AM Official	Kerb close	Open Interest		
, 99.7% purk	y (5 per tonne)			Ring turnover 9,300 tonne			
2550-60 2465-8	2540-5 2443-5	2555 2470/2440	2552-5 2458-60	2469-70	22,955 lots		
rade A (£ per	tonne)			Ring turnover 27,825 tonne			
1930-5 1750-1	1935-7 1750-1	1950/1940 1764/1748	1945-6 1762-4	1756-7	66,626 fots		
cents/fine ou	nce)			Rin	g turnover 0 oza		
602-5 616-9	610-2 623-4		608-8 620-2		478 lots		
r tonne)	• • •			Ring turn	over 6,600 tonne		
399-401 391-2	391-2 385.5-6	397.5 394/390	397-7.5 390.5-1	391-2	9,935 lots		
er tonne)				Ring turnover 1,092 tonn			
18650-850 16800-60	19400-500 16400-500	18800/18500 17000/18400	18550-650 16300-400	16565-600	5,841 lots		
lai High Grad	e (\$ per tonne)			fling turn	over 2,750 torine		
1640-5 1585-85	1625-6 1570-2		1630-3 1580-90	1570-80	2,380 lots		
roune)				Ring turn	over 8,825 tonne		
1640-5 1567-70	1605-7 1556-7	1640 1570/1555	1630-5 1570-1	1556-8	T1,419 lots		
	Ciosa 1, 98.7% purit 2550-60 2465-8 rade A (£ por 1930-5 1750-1 centa/fine ou 602-5 616-9 r tonne) 393-401 391-2 er tonne) 18650-850 16600-60 tall High Grad 1640-5 1565-65 tonne) 1840-6	, 98.7% purity (5 per tonne) 2550-60 2540-5 2465-8 2443-5 rade A (2 per tonne) 1930-5 1935-7 1750-1 1750-1 2516-8 610-2 616-8 623-4 r tonne) 393-401 391-2 391-2 385.5-6 er tonne) 18650-850 19400-500 16600-60 19400-500 1610-5 1558-85 1570-2 1000-9	Close Previous High/Low 1, 98.7% purity (5 per tonne) 2550-60 2540-6 2555 2465-8 2443-5 2470/2440 1930-5 1935-7 1950/1940 1750-1 1750-1 1764/1748 centuritine cunce) 602-5 610-2 616-6 623-4 r tonne) 393-401 391-2 397-5 391-2 385.5-6 394/390 or torne) 18650-630 19400-500 18800/18500 16600-63 16400-500 17000/18400 tal High Grade (5 per torne) 1640-5 1825-8 1570-2 1501-9) 1640-5 1570-2 1501-9)	Close	Close		

OTAT	CES E/ton	ne		FOHDOM BI	ILLION MARK	et .
	Clase	Previous	High/Low	Gold (fine oz	\$ price	£ equivalent
eb pr lay	65.0 81.2 108.2	62.0 91.2 106.0	01.6 01.1 106.2 108.1	Close Opening Morning fix	413-413 ¹ 2 415 ¹ 4-416 ¹ 4 413.65	231 ¼-231 ¼ 232-232 ½ 230.96
urnov	er 00 (100) lots of 40	tonnes.	Oay's high Day's low	412.85 4154-4104 4114-4124	201.03
OYA	EAN ME	L E/tonne		Colos	\$ price	£ equivalent.
	Close	Previous	High/Low	Mapleleat	425-430	238-241
eb	167.30	168.00	167.00	Britannia	425-430	236-241
рг	170.00	169.50	170.00	US Eagle Angel	425-430 423-428	238-241
un_	161.50	159.00		Krugenand	412-415	23612-23914

Turnov	ar 15 (74)	iota of 20 t	onnes.	New Sov. Old Sov. Noble Plat	97 4 -96 545.55-	4	54 ¹ 2-55 1, 54 ¹ 2-55 ¹ 4 304.75-310.4
FREIG	HT FUTUR	23 010/Inde	x point	-			
_	Close	Previous	High/Low	Silver fix	p/fine		US cts equi
Jen Feb Apr Jul 8FI	1587 1631 1650 1450 1529	1589 1601 1618 1415 1527	1589 1570 1631 1610 1650 1621 1450 1420	9 Spot 3 months 6 months 12 months	340.50 351.20 362.25 382.80		609.35 625.35 638.00 686.65
James	rer 421 (54	4)		CRUDE OIL	S/barrel		
					Close	Previous	High/Low
GRAIN	S E/tonne	Prévious	High/Low	Feb Mar IPE Index	15.55 15.28 15.63	15.06 14.85 16.02	15.80 15.4 15.30 15.2

Jan Mar	111,20 114,95	110.80 114.80	111,20 110,80 115,00 114,95	,,,,,,,	u. 1000 (1200/	
May Jun	118.40 119.90	118.00	118,40 118,10 118,90	GAS O	Q. \$/tonne		
			•		Close	Previous	High/Low
				Jan	152.25	149.00	153.75 151.00
Barley	Close	Previous	High/Low	Feb Mar	148.75 144.00	145.50 140.25	149,75 147,00 144,00
	107.75	107.45	107,75 107,50	Apr	138.75	135.00	139.50 137.00
MBF	111.75	111.35	111.75 111.60	May	135.00	190.25	133.50 133.00
May	113.65	113.25	113.85 113.50	دريل	131.75	128.75	131.75 131.00
	- 1903-000	E9 (83) II	ariou 30 (75)	أول "	133.00	128,75	131.26
		58 (83) , B 100 tonnes.	arley 20 (75) .		er 5007 (2		100 tonnes

A STRONGER dollar put downward pressure on the metals, but thin market conditions still exist, reports Drexel Burnham Lambert. Commision house Burnham Lambert. Commision house July 15.98 16.72 18.19 15.98 15.77 sell stops added weakness to the gold and silver futures, while lack of follow through above 540 in January platinum forced prices down over 21 dollars.

Latest Previous High/Low

Feb 16.95 16.95 17.08 16.75 16.93 16.94 16.93 15.97 15.98 15.77 15.95 15.77 15.95 15.77 15.95 15.70 15.94 15.91 15.98 15.70 15.94 15.91 15.94 15.94 15.91 15.94 15.91 1 forced prices down over 21 dollars. Book squaring before years end and switch activity were featured. Copper futures were lower as higher stocks gave the market its bearish tone. In the softs, coffce futures resumed its upward trend efter talling sharply in the previous session. The March contract closed up 5.77 at 152.04. Lower sterling prices kept cocoa from advancing, ougar futures were non eventful. In the meats, prices drifted lower in the cattle, bellies and hogs as lower cash prices and weak lower in the neatile, belies and hogs as lower cash prices and weak fundamentals were evident. Pork belly tutures had the largest decline with prices failing almost 100 points. The grains ell closed lower for the day despite some overseas end commercial buying. Soviet and Chinese overnight wheat purchases were noted while the soy complex teatured strong commerciel buying offset by fund selling and profit taking. Corn futures were quiet. In spite of e lower opening, crude oil recovered to trade higher on the day continuing the strong upward trend that has prevailed. Heating oil and gas took a breather and lost e tittle ground

New York GOLD 100 troy az.; S/troy az. Close Previous High/Low
413.9 418.0 418.0 418.0
414.4 418.7 0
416.5 420.9 418.8
427.4 431.9 428.1
433.0 437.6 436.0
438.7 443.4 0
444.4 449.2 446.5
446.5 440.6 PLATENUM 50 troy oz, S/troy oz. Close Previous High/Low

Jul .	511.0	531,9	528.O	51 5 .0
Oct .	512.5	532.9	£30.0	516.0
Jan	514.5	534.4	531.0	622.0
Apr	518.5	0	521.0	621.0
SQ.VE	R 5.000 to	oy oz; cent	Vitroy oz.	
	Close	Previous	High/Low	
Dec	608.8	814.9	614.0	605.5
lan	608.9	615.8	0.006	608.5
eb	613.8	620.5	615.0	014.0
dar	618.8	625.5	623.0	613.0
Vey	829.4	636.0	634,0	624,0
lui	640.4	647.0	545.Q	634.0
Sep	650.8	657.8	0	0
)ec	666.2	673.0	668.0	661.5
len.	670.5	677.3	0	0
Mar_	661.9	688.6	891.0	681.0
:OPPI	TR 25,000	ibs; cents/	bs	
	Close	Previous	High/Low	
Эеç	156.25	156.75	158,00	152.25
len	150.40	101.00	150.50	149.75
e b	143.20	144.15	0	0
dar	136.90	139.15	139.30	138,30
day	126.30	128.40	129.00	125.00
	460 00	754		

Ma		16.53	10.50	16.33
Ma	y 15.98	16.12	TELTO	15,88
Jun		16.04	16,95	15,77
Jul	15.82	15.97	15.95	15.70
Aug	15.64	15.91	15.88	15.70
HE/	TING OIL	12,000 US 0	alle, cent	VUS gall
\equiv	Latest	Previous	High/Lo	W
Jan		5377	5365	<i>\$</i> 305
Fab		5265	5270	5195
Mar		5007	5005	4930
Apr		4693	4700	4635
May		4488	4510	4440
	4420	4418 4383	4450	4380 4370
Aug Aug		4433	4405	43/4
		-1-30		U
coc	OA 10 ton	es:\$/tonne:		
	Close	Previous	Highto	w
Mar		1505	1495	1475
May		1501	1492	1478
Jul	1488	1499	1483	1482
Sep	1493	1504	0	0
Mar	1503	1506	1502	1502
May		1521	0	0
COF	FEE "C" 37	500ths; cor	nts/lbs	
	Close	Previous	High/Los	
Var	152.04	146.27	152.25	149.00
May		143.36	149.00	146.10
Jul	146.25	141.88	147.00	144.00
Sop	144.00	140.25	145.50	148.00
Dec	143.25	140,25 141.60	0	ŏ
day	141.00	139.00	0	0
	AR WORL	Mark 440		
3404	Close	Previous		
Jan	8.03	7.48	7.60	6.75
Mar		11.16	11.29	11.08
May		10.96	11.00	10.85
Jul ,	10.69	18.73	10.75	10.57
Oct	10.47	10.51	10.52	10.31
Jen	9.56	9.59	0	0
Mar		10.27	10.21	10,10
May	9.90	9.90	_ 0	0
COT	TON 50,000	; cents/lbs		
	Close	President	Lilohii o	

Latest Previous High/Low

COTT		6.2U	U	U		
COTTON 50,000; cents/lbs						
	Close	Previous	High/Lov	,		
Mer	57.93	68.19	68.10	57.60		
May	57.96	56.40	55.35	57.80		
Jul Oct	56.20	58.35	56.40	57.90		
Dec	57.25 57.10	57.40	57.25	57.20		
Mar	57.10 66.65	87.12 56.85	67.15 0	56.75 0		
May	56.65	56.85	ŏ	ŏ		
OFIAN	GE JUICI	15,000 lbs	; cents/lbs			
	Close	Previous	High/Los	~		
Jan	169.60	160.65	163.50	159,50		
Mar	167.65	159.80	160.25	157.60		
May	167.25	159.40	159.50	166.60		
Jul	156.95	159.45 169.00	1 <i>5</i> 9.70 1 <i>5</i> 9.70	156.95 157.00		
0						
Sep	168.55					
Nov	157.25	157.76	Q.	0		

NEATORS September 18 1931 = 100 Dec 20 Dec 22 moth ago yr ago 1957.8 1970.7 1880.4 1759.6 DOW JONES (Base: Dec. 31 1974 = 100) Spot 142.65 142.45 135.65 -				
- Dec 20 Dec 22 mmth ago yr ago 1957.8 1970.7 1860.4 1759.8 DOW JONES (Base: Dec. 31 1974 = 100) Spot 142.85 142.45 136.65 -	MOICES			
1957.8 1970.7 1880.4 1759.8 DOW JONES (Base: Dec. 31 1974 = 100) Spot 142.85 142.45 136.65	REUTERS (Base	Septemb	er 18 1931	- 100)
DOW JONES (Base: Dec. 91 1974 = 100) Spot 142.85 142.45 136.65	- Dec 20	Dec 22	math 2ge	yr ago
Spot 142.65 142.45 136.65 -	1957.8	1970.7	1860.4	1759,6
	DOW JONES (BA	se: Dec. :	31 1974 -	100)
				•
Futures 148.35 145.61 138.56 -	Futures 148.36	145.61	135.58	<u> </u>

SOY	ABEANS 5	000 by min;	cents/601b t	Arshol
	Close	Previous	High/Low	
Jan	789/4	796/4	799/0	789/0
Mar	805/2	811/2	815/0	804/4
May	817/0 823/4	823/6	827/0 831/4	818/0 822/0
Jul Aug	814/2	818/0	822/0	813/4
Sep	789/4	772/0	774/0	786/0
Nov	783/0	735/0	740/0	731/0
Jan	740/0	744/4	748/0	740/0
SOYA	BEAN OF	60,000 (bs; 4	divernac	
	Close	Previous	High/Low	
Jan	23.10	23.72	23.68	23.18
Mar	23.68 24.20	24.27 24.81	24.23	23.67
Till I	24.60	25.28	25.20	24.68
AUG	24.75	25.35	25.20	24.76
\$ 6 0	24.80	25.27	25.25	24.80
Oct	24.90 24.85	25.40 25.40	25.30 25.30	24.80 24.85
		AL 100 tons;		24.03
	Close	Previous	High/Low	
Jan	254.8	255.3	256.4	253.3
Mar	257.1 255.7	257.2	250.5	255.7
May	253.5	265.2 253.5	258.0 256.5	254.5 252.0
Aug	248.0	248.0	250.0	247.0
Sep	238.5	237.2	240.0	236.0
Oct	224.2	221,7 217.5	225.0	220.0
Jan	220.0	0	220.0 220.0	218.0 220.0
MAZZ	5,000 bu	min; cents/5	66 bushel High/Low	
Mer	264/0	285/2		2024
May	284/0 290/0	285/2 290/8	285/0 290/4	283/4 268/4
May Jul	290/G 293/0	290/8	285/0 290/4 293/2	208/4 291/0
May Jul Sep	290/3 293/0 290/2	290/8 293/0 279/6	285/0 290/4 293/2 281/0	268/4 291/0 278/6
May Jul Sep Dec Mer	290/0 293/0 290/2 273/6 260/6	290/8 293/0 279/6 271/0 279/0	285/0 290/4 293/2	268/4 291/0 278/6 270/2
May Jul Sep Dec Mer	290/0 293/0 290/2 273/6	290/6 293/0 279/6 271/0	285/0 290/4 293/2 281/0 274/2	268/4 291/0 278/6
May Jul Sep Dec Mar May	290/0 293/0 290/2 273/6 260/6 254/0	290/8 293/0 279/6 271/0 279/0	285/0 290/4 293/2 281/0 274/2 281/0 284/0	268/4 291/0 278/6 270/2 277/4
May Jul Sep Dec Mar May	290/0 293/0 290/2 273/6 260/6 254/0	250/6 253/0 279/6 271/0 279/0 0	285/0 290/4 293/2 281/0 274/2 281/0 284/0	268/4 291/0 278/6 270/2 277/4
May Jul Sep Dec Mar May WHEAT	290/0 293/0 293/0 290/2 273/6 280/6 284/0 T 5,000 bu Close 435/8	290/6 253/0 279/6 271/0 279/0 0 min: cents/6 Previous	285/0 290/4 293/2 283/2 274/2 281/0 284/0 0%-bushel High/Low	268/4 291/0 278/6 270/2 277/4 280/4
May Jul Sep Dec Mar May WHEAT May	290/0 293/0 290/2 273/8 260/6 264/0 F 5,000 bu Close 435/6 425/4	290/6 283/0 279/6 271/0 279/0 0 min; centa/6 Previous 437/2 428/0	285/0 290/4 293/2 281/0 274/2 281/0 284/0 09b-bushel High/Low 440/0 430/0	268/4 291/0 278/6 270/2 277/4 280/4
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May Jul Sep Dec Mar May May May Jul Sep Dec	290/0 293/0 290/2 273/6 264/0 5,000 bu Close 435/6 425/4 392/6 395/4 404/0	293/6 2273/6 273/6 271/0 271/0 271/0 0 min; centa/6 Previous 437/2 426/0 365/0 365/0 369/4	285/0 290/4 293/2 281/0 274/2 281/0 284/0 0%-bushel High/Low 440/0 490/0 490/0 400/0	268/4 291/0 278/8 270/2 277/4 280/4 434/0 425/0 392/0 395/4
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Close

43.10 43.82 45.32 46.60 45.95 69.96 60.22

44,10 44,57 46,17 47,50 48,42 60,22 60,22

High/Low

44.10 44.80 46.10 47.50 46.70 0

Chicago

Missi

113

Low

49.16

High

127.4

Indices

Share Index: Tel. 0808 123001

105.4 50.53 (28/11/47) (3/1/75)

1926.2 49.4 (16/7/67) (26/6/40)

734.7 43.5 (15/2/83) (26/10/71)

1161.7

81.6 119.6

Dec 23 Dec 22

1614.3

LONDON STOCK EXCHANGE

Dollar stocks firm in quiet market

A SLOW return to work in the City of London left trading desks lightly manned at the big securities houses yesterday. The firmness in the US dollar prompted a general advance in the international blue chips, which took market indices higher. Turnover was extremely thin, however, and market specialists were wary of attaching too much significance to the confident appear-

ance of the market. The investment mood continned to draw strength from the UK November trade figures, announced as the securities markets closed down for the Christmas holiday. While the monthly deficit of £1.6hn was

Appoun	st Dealing	Detas
Tiret Deglings: Dec 12	Dec 28	Jen 18
Option Declarat Dec 22	Jan 12	Jan 26
Lest Declingts Dec 25	Jan 13	Jan 27
Account Day: Jan 0	Jen 23	Feb 6
Ties the deal	ingo may take	place from

in line with expectations, it reduced for the time being apprehensions of a further rise in domestic bank base rates from their current 13 per cent

The City's concern over the implications of any further increase in base rates was underlined by the Halifax Building Society, Britain's largest building society, which warned that further rises could force a drop in UK home own-

However, retail and con-sumer shares remained in good form yesterday, encouraged by reports of a strong start to the post-Christmas sales season. The sector fell sharply at the beginning of this month and is still high on analysts' New Year "sell" lists.

Equities opened quietly, with marketmakers concerned to avoid opening up new posi-tions in what will be barely a two day trading week. For the first time in recent memory, the London equity market is

closing at midsession on Fri-day, the last trading day of the Old Year, so most securities traders want to see their books balanced by tonight. Yesterday marked the opening of a three week equity trading Account. Fears that sterling could be unsettled by the signs of a

unsettled by the signs of a trade war between the US and the European Community countries were balanced by the favourable implications for domestic interest rates of any weakness in the pound, London share prices moved ahead as the session progressed and

the dollar turned higher. Dollar-earnings stocks, like Glazo, BAT Industries and ICL wrere quick to respond, and

month. But they have recovered as the view has gained currency that NEI is now a tar-

get for a hostile bid, either

from Rolls or from an overseas company anxious to gain access to the UK power genera-

tion market.
The stores sector featured a

good performance from Store-

house, up 4 to 195p in thin trading amid a distinct absence

of sellers. There was talk that an approach had been received

by Storehouse from Mr Asher

Edelman, the US arbitraguer

who holds a 5.6 per cent stake, and that he had received a

Body Shop rose 13 to 503p and Sears added 3 to 110p, on the back of reports that the

pre-Christmas period may have been better for retailers than

expected, while sentiment in

the sector as a whole was also

helped by first news from the Sales. Next added 4 to 139p on

vague takeover talk, while

Lloyds Chemists rose 8 to 142p

The Leisure sector featured a

good buyer for Capital Radio

which sent the shares 28 better to 495p as a squeeze developed on shares available in the mar-

ket. Shares in Pavilion Leisure

were suspended at 112p before news that the company has

acquired Hawkstone Park in

Shropshire, Chrysalis rose 6 to 130p on the back of bid specu-lation aroused by the Geffen

Belhaven edged forward 2 to

Seinaven edged forward 2 to 52p on news that it has dis-posed of its brewing operations to Control Securities, leaving only its core Garfunkels res-taurant business, Analysts said the deal makes a bid for Bel-haven less likely in the short

An extension of the argu-

ment that the current strength

Records 8.4 per cent stake.

amid late demand.

their gains took the FT-SE Index to higher ground. Prices topped off in London, however until a firm opening on Wall Street gave fresh encouragement.

At the close, the FT-SE stood at 1787.7, the day's best level and a gain of 13.7 on the session. Turnover was a different story. Seaq volume of 172.7m shares was well below recent levels and indicated an almost notional market in many stocks.

Speculative situations continued to attract market interest but investors stayed close to the established favourites, showing little inclination to

seek out new situations. of Racal Telecom (RTG) was highlighting the relative cheap-ness of Racal Electronics shares continued yesterday. Further good buying, turnover amounted to 3.7m shares, found the market lacking sup-plies of RTG and raised the price 3 more to 179p. Volume in Racal Electronics was also

pretty good at 2.3m and the shares raced 7½ higher to 279p. Satellite television growth prospects were held partially responsible for a sharp recovery in Amstrad, although dealers said that the movement of 7 to 173p suggested the market was oversold.

International stocks were unexciting. Price rises did not reflect actual husiness as dealers awaited orders which failed to materialise. Glazo flattered with its rise of 15 to 1073p, while ICI added to 8 to 1015p, but there was little volume in either. BOC rose 10 to 421p. Hanson rose 2 to 153 %p in moderate response to news that it has taken a stake in the US diesel manufacturing group

Cummins Engine.
The building sector was brighter, fuelled by optimism that interest rates have peaked for the time being. Redland added 6 to 410p and house-builder Wimpey improved 4½ to 257½p. BPB Industries moved up 7 to 226p, helped along by share-tipping for the

New Year.
The French liking for Euro-tunnel shares made them a rare focus of action in a dull industrial market. The Eurotunnel units ended the day 28 np at 471p and the warrants put on 3% to 34%p largely on renewed French buying.

Cadbury Schweppes rose 7 to 335p as buyers chased stock in a thin market. Ranks Hovis McDougall was also sought

22 21 20 87.46 87.38 87,28 87.28 88.82 87.30 95.70 95.75 1435.0 1514,7 1432.4 (7/1)Ord. Ol. Yield Earning Yid %(full) P/E Ratio(Net)(\$\dot) SEAO Bargains(1pra) Equity Turnover(Em)t Equity Bargainst Shares Traded (mi)t 5.06 12.78 9.44 5.10 12.89 9.36 10.257 574.76 . S.E. ACTIVITY 9.35 19,237 893.78 19,284 379.2 Gilt Edged Bargains 798.67 20,644 405.8 200.5 5-Day average Gilt Edged Bargal Ordinary Share Index, Housty changes Opening ©10 am. ©11 am. ©12 pm. ©1 pm. Equity Burgains Equity Value



FINANCIAL TIMES STOCK INDICES



and added 9 to 348p. Unilever gained 6 to 455p amid unlikely talk that it might bid for Amer-ican Brands, the US tobacco group. Turnover was less than

DAY'S HIGH 1447.1 DAY'S LOW 1436.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/35, SE Activity 1974, PNR 9.39 (Excluding Int.)

A technical bounce from the depressed levels of the previous week encompassed leading Properties and those regarded as possible takeover candidates. Sentiment was also helped by hopes that the rise in UK interest rates may have peaked and by expectations of an enhanced assets' revaluation shortly from Hammerson in defence against the Rodamco bid.

Hammerson "A" shares rallied 8 to 892p but more sizeable movements were seen in Land Securities, 546p, and in MRPC, 530p, both of which rose 10. British Land, 332p, and Greycoat, 402p, were similarly higher. attaining a high point for the year as speculation continued over the intentions of Mr Abraham Goldberg of Australia who, with his family, has bought a 9.22 per cent stake. The shares ended 2½ up at 124%p. Dawson International also attracted speculative interest, being regarded as a possible hid target, and closed

Tootal advanced further,

5 higher 2040. Rothmans International responded to late inquiry, rising 10 to 426p.

Oil stocks showed a firmer trend as crude prices edged higher in response to predic-tions of a 10 per cent cutback in North Sea output after an accident involving a storage unit caused the close down of three North Sea fields. The City believes that, with any production loss likely to be covered by insurance, the oil

while benefiting from upward pressure on crude prices. Shell, which said it could be, "weeks and possibly months" efore production was resumed following the forced closure of its highly productive Fulmar field, edged a few pence higher

groups will avoid financial loss

to 335p, with turnover at 901,000 shares. BP, which has an interest in the Clyde field, also shut down hy the accident, was also firmer, the new shares at 251 %p and the registered at 148p. The market is bracing itself for details early in the New Year of the price RTZ is prepared to pay for BP's minerals interests.

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 16

Iceland victory at hand

afreesform

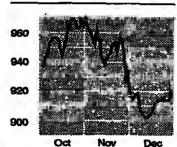
One of the few hot spots in the market yesterday was provided by the tail end of the long-run-ning saga of Iceland Frozen Food's bid for Bejam. By the end of an active day's trading dealers were speculating that Iceland may have picked up the remaining 600,000 or so shares it needed to clinch a controlling interest to thick a controlling interest in Bejam. After turnover of 2.2m, Bejam-shares had risen 8 to 174p, while Iceland was unchanged at 310p.

The day began with Iceland's official announcement that it was extending its bid until 1pm on Friday in an attempt to push its holding in Bejam up from the 49.5 per cent level. By lunchtime turnover had reached around 1.1m shares, with dealers concentrating on counting trades going through at the 180p level - the cash price being paid by brokers acting for Iceland for immediate delivery of Bejam stock .

Stake raised

Unigate tried to repeat its pre-Christmas form, but failed to respond as well as expected to news that the Irish entrepre-neur Mr L Goodman had raised his interest from 4.97 to 7.89 per cent. In moderate turnover of 2.7m, Unigate shares edged forward 7 to 339p.

· There was some confusion among dealers as to the significance of the news. Mr Good-man's company Food Industrial is thought an unlikely

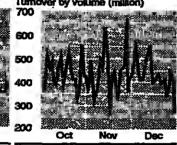


bidder for Unigate, and the rea-son for the shares' disappoint-ing performance seemed to be talk that the increase in the stake was options-related. The general lethargy of the market meant that recent speculation about a European consortium bid for Unigate was sidelined. Lonrho drew more inquiry than most as buyers began to look forward to next month's annual results. Mr Boh Carpenter of Kitcat & Aitken believes the group is performing partic-ularly well on the mining side and estimates group profits of

There is still some "bid premium" in the share price, says Mr Carpenter, but the recent "Bond hashing" exercise has hrought it back to a level at

£220m, against £200.2m last

FT-A All-Share Index **Equity Shares Traded** Turnover by volume (million)



which support can be expected makers saw steady buying interest yesterday and, with several larger deals reported later, volume eventually totalled 3.9m shares. The Lonrho share price closed 9 higher

There was a huyer in the market for NKI which added 2% to 116p. Interest in the shares reflected the new fluid-ity in the European heavy elec-tricals sector following the unveiling last week of a deal to merge the power systems busi-ness of Britain's General Electric Company and the Alsthom subsidiary of France's Compagme Générale d'Electricité. NEI shares lost ground when

merger talks with Rolls-Royce

were abandoned earlier in the

NEW HIGHS AND LOWS FOR 1988

INEW HIGHES (31).
AMELINCAMS (23, CAMADIAMS (7), BANCS (2) Bank Soc. 3-4 pc Irred Pl., Full Bank, SHEWERS (1) Magaitan-Gienliwer, BURLDBAGG (7) Johnstones Pin., CHEMBIGALS (1) Fronzott, ETGEST, EMBRESTRAIS (2) ARI-Laval, Euroburnel Units, SA Int'l. Sothebys Hidgs. Inc. 'A', BESHRANCE (1) Asianz, LESSANCE (1) Capital Fractic, Photophysical (3) Bargeson, Lon. Creas. First. 'S' Pici., Soc Containers, TEXTRLES (7) Tootal, TRASTS (5) Bertrams Inv., Yel.,

Hydro, Homes (1).

NEW LOWS 225,
CAMADIANS (3), BHILDSROS (1) Heywood
Williams Cv. Pt., STDRES (1) Lowndes
O'way., ELECTRICALS (1) Personal Compt.,
EMEDIERRISE (1) Laird Grp., FOODS (1)
Global Grp., NOUSTRIALS (8) Alexander
(W.), Avon Pauber, Busbirt Toys. Basies
(Godirey), Kity Linis, Norcros, Orliams,
Portmeirion Pots., URS Int'l., INSTRANCE,

APPOINTMENTS

Girobank COMPANY. He is group finance director of BAA, and chairman of Trianco Group. senior posts



■ Mr Doug Martin (above) has been appointed GROBANK's south west region general manager, based in Bristol, in succession to Mr Roger Warriner. Mr Martin was head of corporate accounts and lending services, in London. Mr Warriner takes on central development and co-ordination responsibilities for the bank, based in Bootle, Merseyside.

■ CRYSTALATE HOLDINGS has appointed Mr Graham R. Davies to the board, to be responsible for Crystalate Electronics' Welwyn divisions.

Mr Peter F.G. Bentley has been appointed a director of THE HARDWARE FEDERATION FINANCE CO. He has been manager since

Mr Mark Richardson has joined WESTERN INDUSTRIAL FINANCE COMPANY as financial director. He joins from Coopers & Lybrand where he was a managing consultant.

Mr Robin Woolcock is to succeed Mr Richard Ide as commercial vehicle director of V.A.G. (UNITED KINGDOM) on January 2. Based in Swindon he will be responsible for the MAN and Volkswagen range of trucks, vans and buses. He was sales operations director of Leyland DAF. Mr Ide becomes managing director of V.A.G. (United Kingdom)

Mr William C. Shaw has been appointed non-executive director of DANE &

on January 1.

M GUILDWAY, timber frame building subsidiary of the Declan Kelly Group, has appointed Mr Paul Jackson as production director.

■ Mr Raphael J. Walirock has retired as chairman of MAGNOLIA GROUP (MOULDINGS), but remains a non-executive director. He is succeeded by Mr K. Scharf, who continues as chief executive. Mr David Wallrock becomes deputy chairman. He is managing director of K.

■ EXPRESS FOODS GROUP, a Grand Metropolitan subsidiary, has made the following changes from January 1. Mr Roger Davenport, managing director, Express Foods, becomes



STANTON, a supplier of pipeline materials to the water industry, has appointed a new commercial director. Mr Jim commercial director. Air Jim Morrison (above) joined the company on December 1 and adopts full responsibility for the commercial operations of all sectors of Stanton's busi-ness at home and worldwide.

managing director, Eden Vale; Mr John Gibson, is promoted from operations director to managing director of Express Foods; and Mr Jim Murphy is appointed trade relations

FERRYMASTERS, part of the P&O Group, has appointed Mr John Bradshaw to the board from January 1. He is general manager of the Scandinavian division.

Mr Simon Turner has been appointed marketing and sales director of BELLING & CO., from January 1. He was group marketing manager at Philips Consumer Electronics.

■ Mr Nigel Baglin has been appointed sales and marketing director of DRINKMASTER. a BET subsidiary.

Mr William Fossick, a director, has been appointed chairman of BRITISH EMPIRE SECURITIES AND GENERAL TRUST in succession to Mr Roger Wain who remains a director. Mr Jim Cross, chief executive of Imperial Trident, has been appointed to the

> ■ McDONALD'S HAMBURGERS has appointed to the board Mr Michael Hayden, vice president, chief marketing and PR officer. Mr Terence Haynes has been elected vice president, chief financial officer, and Mr George MacKay, assistant vice president, financial controller.

Mr Steven Atkinson has been promoted to managing director of FERRARI's small appliance UK operation, He was UK sales manager.

KRAFT FOODS has appointed Mr Phil Smith marketing director responsible for all cheese, yellow fats and grocery products. Mr Mike Vincent becomes frozen foods director, a new post, responsible for marketing and sales of all Krafts major frozen food brands.

■ Mr Frank W. Knight, deputy group chief executive of United Biscuits, has been appointed a non-executive director of OCEAN TRANSPORT & TRADING.

KLEINWORT BENSON

GROUP has made the following appointments to director from January 1 in its merchant banking arm, Kleinwort Benson: Mr M. Allen, North American banking; Mr D.R. Rishop, treasury; Mr P.C. Boothman, Mr P.L. Button, Mr R.D. Gillingwater, and Mr R.A. Murley, corporate finance; Mr M.R. Brown, banking operations; Mr H.G. Geler and Mr P.W. McClean, New York; Mr R.D.N. Harley, equity securities; Mr N. Jefcoat, Tokyo; Mr D.G. Mowat, Tokyo; Mr D.G. Mowat, information services; and Mr A.J. White, leasing/asset finance. Appointed directors at Kleinwort Benson Securities are: Mr K. Arai, Mr C.J.M. Langley, Mr H. Saito, and Mr P.D. Tasker, Tokyo; Mr G.F. Chil. Mr A.P. Riegins, and Mr Cull, Mr A.P. Higgins, and Mr J.H.P.F. Pelly, UK institutional clients; Mr B.D. Froud, traded options; Mr N.D. Howard, retail options; Mr J.M. Mechelany, equity linked sales trading; Miss D.A. Rees,



ROYAL LIFE HOLDINGS has appointed Mr Mike Kershaw (above) as investment manager with overall responsibility for both unitised and non-unitised funds. He was responsible for the company's unit trusts and unit-linked life funds. The total portfolio under Mr Kershaw's control is over 26.5bn.

European sales; and Mr A.D. Thomas, research.

■ METESTATES, investment, operation and management arm of MEPC, has appointed Mr Kevin Monaghan as technical director to head Metestates technical estates

■ At LAZARD BROTHERS & CO Mr Etienne Bottari, Mr Richard Bowes, Mr Alan Coughtrie, Mr Anthony Denham, Mr Julian Goodwin, Mr Malcohn Markovitch, Mr Giles Money-Cutts, Mr Nicholas Parkes and Mrs Meryl Smith have been appointed assistant directors from January 1. Mr David Graham has been appointed a director of Lazard Investors from the same date.



Mr Chris Walker, general manager (manufacturing), has ointed a director of

JULIUCU catering

With an annual turnover exceeding £500m, Gardner Merchant is Europe's largest contract catering company and a world leader in its field.

Of the UK's top 100 companies, 84 are already clients of ours. And we're currently talking with a further twelve.

We employ over 34,000 staff. All people who understand the true meaning of the word 'service'.

Gardner Merchant invest more money in training, management development, information technology and other key support services than all our competitors put together.

This is the commitment to the industry that has made us undisputed market leader.

Providing you with true value and real quality. So take this opportunity to contact us - the professionals. We will provide you with the standard of catering excellence that has made Gardner Merchant the choice of over 4000 organisations worldwide.

Put our 100 years of experience to the test today.



Trusthouse Forte

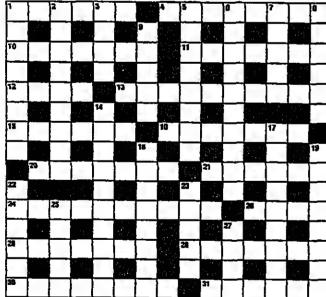
For further information please contact Peter Howell GARDNER MERCHANT, FREEPOST 100, MANCHESTER M60 9AU, or FREEFONE 5525"

AUTHORISED

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ACROSS

1 Sprinkle when the sun's out, ns do April showers (6)
4 Correctly support, then rely oo being aligned (8)
10 The most effective check on reflexes, we hear (7)
11 Quietly carry on, i.e. accept without question (7)
12 Headless spectre often in charge of other spirits (4)
13 Back remained back inside (10)

(10) 15 So one's adjusted suspend-

ers (6)
16 One rodent migrating, one hundred left starving (7)

20 Bob's inclined to be stiff (7)
21 Having to pay to be in servitude (6)
24 Showing aloofness, men

struggles (7)
29 It's the others I've found to

be refractory (7)
30 A pastoral cantata such as

grown-ups (6)
23 Damaged retioa (end detached) being unable to move (5) 25 Spud's an uncommon treat chatted idly (10)
25 Spud's an uncommon treat
26 Give workman a pointer (4)
28 See this oational's valiant
25 Spud's an uncommon treat
(5)
26 He once ruled in ancient Sarmatia (4)
Solution to Puzzle No.6,820

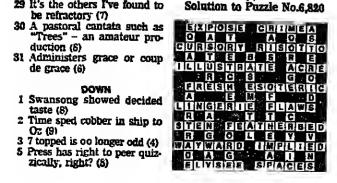
6 For promotion in the church, they prefer men to women (10)
7 Stir up riots with a bit of tail-twisting (5)
8 Eases lid? Yes, then gives

way (6)
9 Clearly courts back trustworthiness (5)
14 Thought that's mirrored (10)
17 Take Roland, for example,
in ingenuous story (9)
18 Short discourse – ooe's

term for a diversion (8)

19 Debated a reform that is

short of resources (8)
20 It's the ultimate in puffs for



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CANCELLATION PRICE.

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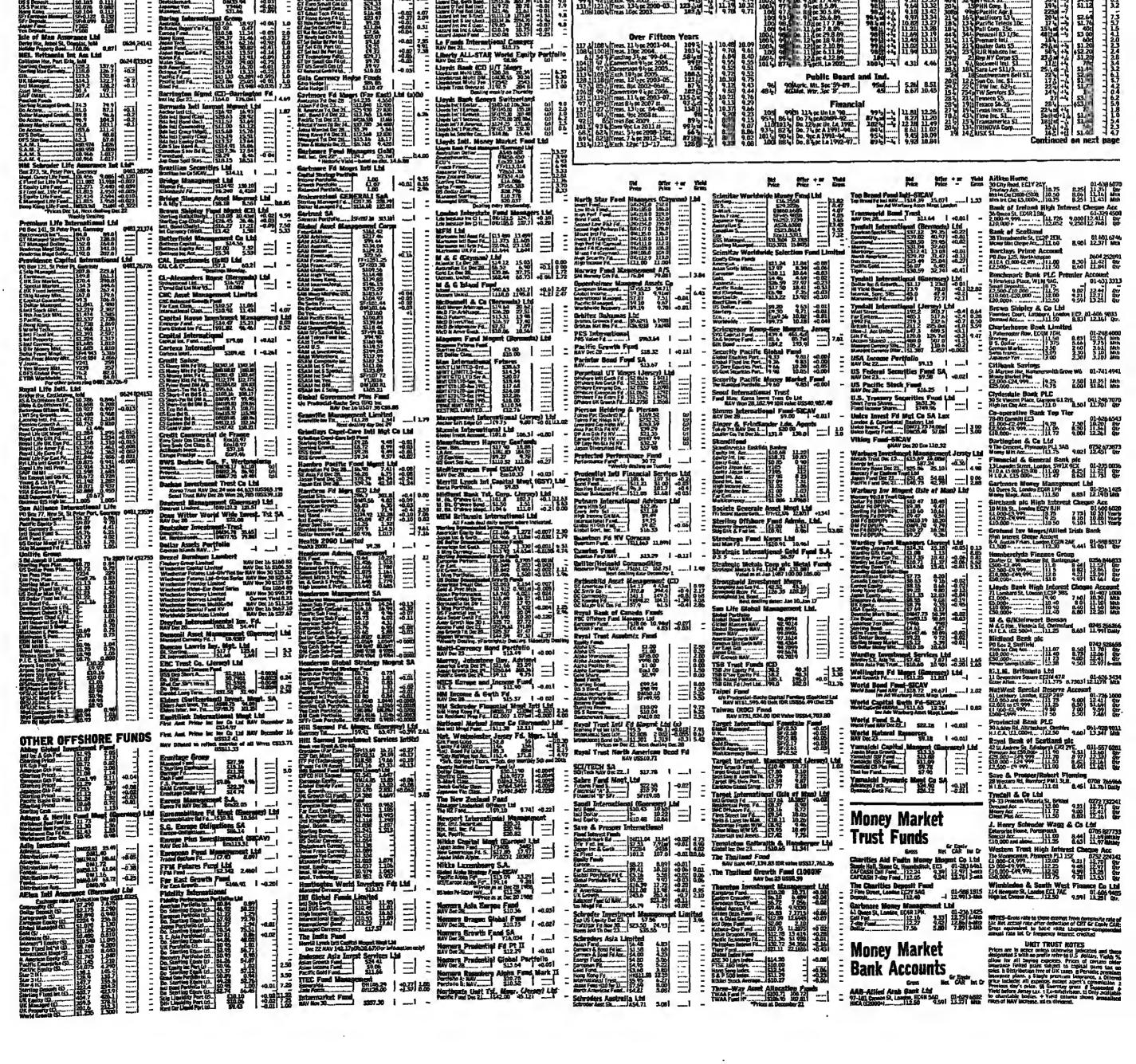
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm in thin trading

manoeuvres such as higher Euro-dollar rates, or a bear squeeze, similar to the one so

successfully executed by cen-

tral banks this time last year, may well deter some investors

from running too short on dol-

The US unit finished at DM1.7895, up from DM1.7760 and Y125.40 compared with

Y124.85. Elsewhere, it closed at

SFr1.5120 from SFr1.4985 and FFr6.1075 against FFr6.0650. On

Bank of England figures, the dollar's exchange rate index rose from 94.3 to 95.0. The dollar finished a little below the day's highs as some traders

ventured to take profits.

Sterling was restricted to a narrow range for much of the

day, moving up with the dollar

against major European cur-

rencies. It was was slightly weaker against the US unit

however. Its exchange rate index closed at 77.3 compared with 77.4 at the opening and Friday's close. Against the dol-

LAST MINUTE window dressing before the end of the year, provided a firmer under-tone for the dollar yesterday. Trading volume was extremely thin, with only a trickle of corporate book squaring to occupy dealers' time. However, the firmer tone encouraged some degree of short covering during

the morning.
Small dollar sales by the West German Bundeshank gained prominence in an otherwise feautureless market. There was little to suggest that the Bank's activity was anything more than just a com-mercial deal. The idea of deliberate intervention in such a thin market, was not enter-tained by many traders.

trading seems likely to remain subdued until after the New Year celehrations this week-

The outlook for the dollar after that is less than clear. Many forecasters are suggesting a further orderly decline in the US unit, at least until after the Bush administration moves into gear. However, short-term

s in New York				
Dec.28	Latest	Previous Ouse		
Spot marth months 2 months	1 7835 - 1 7845 0 51 - 0 50pm 1 50 - 1 48pm 4.95 - 4 85pm	1.8015 - 1.8025 0.52 - 0.50pm 1.49 - 1.46pm 4.92 - 4.82pm		

forward premiums and discounts apply to the US dolla							
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1.00 2.00 3.00 4.00	pm		77.3 77.3 77.3	77.5 77.4 77.4
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Dec.28	Bank rate	Spetial* Drawing Rights	European Currency Unit
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CURRENCY	MOVEMENTS

"All SDR rates are for Dec.27

Morgan** Guaranty Changes %
-14.6 -13.2 -1.8 -4.9 -5.9 -0.6 +21.2 +19.6 +13.5 -15.5 -20.0

OTHER CURRENCIES

De= 23	£	S
Argentina	28 9600 - 29 1200	
Australia	2.0850 - 2.0900	1.1680 - 1.1700
Praul	1322 80 - 1330 20	741.70 - 745 40
Finland		4.1900 - 4.1950
Greece	263 90 - 268.45	147 40 - 150 10
Heng Keng	13 9360 - 13,8495	7.8085 - 7.8105
fran	123 70"	60 00°
Korrasto	122705 - 1236 90	682.00 - 687.60
Kevra-t	0 50265 - 0.50490	0 22220 - 0.28270
тасарена	67 10 - 67 20	37 45 - 37 55
Malaysia	4 8395 - 4 8525	2 7140 - 2 7180
Nexico . N. Zealand .	4073 50 - 4086 50	ZZB4 00 · 2290 00
Sauci Ar	2.8400 - 2.8500	1.5910 - 1.5970
Service	3 4695 - 3 4780	3.7500 - 3.7510 1 9460 - 1 9480
S Af (Ca)	4 2356 - 4 2485	23770 - 23785
S After	6 3970 - 6 9790	3 8095 - 3 8835
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U.A.E.	A 5255 - A 5400	16725 14735

MONEY MARKETS

UK	ra	tes	ste	eady	as
pour	ıd	hol	ds	firm	

UK INTEREST rates traded quietly in the aftermath of the Christmas break in London yesterday. Period rates were little changed as traders marked time until the end of the year. the year.

Sterling's steady tone, and the absence of any economic data meant that most institutions were content to close

UK slearing bank base leming rate 13 per cent from November 25

their books and wait until the New Year. The key threemonth interhack rate was quoted at 13-12 4 p.c., unchanged from Friday, as was the one year rate at 124-124, p.c. Overnight money opened at 12-11% p.c. and was quoted around 12% p.c. for much of the day before slipping away to finish close to 2 p.c.

The Bank of England fore-

cast a surp!us of around £100m, with factors affecting the mar-ket including hills maturing outside official hands - less a take up of Treasury bills - adding £122m, and a fall in the note circulation a further £400m. These were partly offset hy Exchequer transactions, which drained £390m, and hanks' halances brought for-ward £20m below target.

The forecast was revised to a shortage of around £50m, but the Bank did not intervene during the morning. A further revision took the forecast to a flat position, and again there was no help offered by the Bank.

In Paris, the Bank of France moved to inject liquidity into the money market, through a further sale and repurchase facility. Exceptional demands on short-term liquidity ahead of the year-end were cited by dealers as the principle reason behind the move. Call money has edged up over the past week, and was quoted yesterday at 8½ p.c.

In New York the US Faterni

In New York, the US Federal Reserve Board added tempo-rary reserves to the US bank-ing system through overnight repurchase agreements, with Fed funds trading at 9% p.c. at the time, up from 8% p.c. on Friday.

the time, up from \$\frac{31}{12} p.c. on Friday.

Liquidity levels in Frankfurt were a little strained as commercial banks paid back temporary reserves, acquired on Tuesday through state-owned banks. Liquidity levels have been drained by end of month payments and also end of year book squaring. Call money was book squaring. Call money was quoted at 5.50 p.c., the same as the Lombard rate.

FINANCIAL FUTURES

Gilt prices slightly weaker

UK LONG gilt futures lost ground in London's Liffe market yesterday, falling in line with a weaker US bond mar-ket. Trading volume was extremely low, and in the absence of any fresh buying, values were marked down.

pared with FFr10.9150. Despite the softer tone, The pound remains underwhich was mainly a liquidapinned by the high level of UK interest rates. Economic projections for next year suggest little improvement in the UK

\$1.7995, hut rose in D-Mark terms to DM3.2050, up from DM3.1950. It was weaker

against the yen at Y224.50 from

Y224.75, hut improved elsewhere to SFr2.7075 from SFr2.6975 and FFr10.9350 com-

EMS EUROPEAN CURRENCY UNIT RATES

POUND SPOT- FORWARD AGAINST THE POUND

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

12H-124 94-95 104-104

EXCHANGE CROSS RATES

0.914 1.635 2.930 205.2 10. 2.475 3.307 2155 0.369 0.661 1.184 82.90 4.040 1 1.336 870.8

0.276 0.494 0.886 62.05 3.024 0.748 0.424 0.759 1.359 95.21 4.640 1.148

3.413 0.845 48.73 12.06

13-127 97-97 103-103

DM Yes F.Fr. S.Fr. H.Fl. Lira CS B.Fr. 3.205 224.5 10.94 2.708 3.618 2358 2.141 67.15 1.792 125.5 6.115 1.514 2.022 1318 1.197 37.53

124-12H 96-91 114-104

14.47

121-12 83-81 91-9

interest rates. Economic pro-	tion of positions after the lack
jections for next year suggest little improvement in the UK	LIFFE LONG GILT FOTONES OPTIONS Strike Cults-settlements Pots-settlements
current account deficit, with high interest rates suggested	Price Mar Jun Mar Jun 90 547 659 3 3 92 951 803 7 11
by some, as likely to have an adverse effect both on output	Price Mar Jun Mar Jun 90 547 659 3 3 3 4 25 32 4 25 32 4 25 32 4 25 32 4 25 32 4 25 32 100 5 5 31 425 339 100 2 12 622 520
and exports. Trading elsewhere was	96 53 201 109 109 96 15 104 236 212 100 5 31 425 339 102 2 12 622 520
extremely quiet. What little	Estimated volgate total, Calls 391 Puts 250

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	suppress t sequently the weak system.	he D-Mark keeps pr er memhe	ar helps to t, and con- essure off ers of the	Strike Price 160 165 170 175 180 185 190	Calis-set: Jan 1345 845 362 77 6	1345 845 427 174 53	Puts-set Jan 0 2 39 254 683 1177	e le
•		UNIT RA	IES	Estimated	volume tota	d. Calls 0	Puts 0	
% change % change from adjusted for divergence			Divergence Onsit %	Previous da PAGLAMELS £31,250 (c	ny's open in	Calls 4	2 Pbts 374	4
				DHOY E	20 pg 21			

LONDON (LIFFE)

Estimated Volume 3465 (4476) Previous day's open int. 27366 (27110)

Close High Low Prev. 179.40 179.50 178.00 178.00 182.50 182.50 180,10 180,30

1-roth 3-roth 6-roth 12-coth 17842 17745 17611 17420

Close 90.60

LIFFE EUROBOLLAR OPTION Film points of 190%

last Friday, traders view UK gilt futures as a hullish instru-mant. Despite predictions of higher inflation, sentiment has been mildly lifted by signs of a slowdown in UK consumer spending. This is regarded as one of the key factors govern-ing the level of interest rates. While the performance of ster-

of any response to UK trade

figures for November released

appear to be equally important in determining official interest rate policy, investors regard any little piece of good news as

The softer tone in US bonds

reflected a higher Fed funds rate, although the extent of the day's losses was limited by a firmer dollar.

230 3.45 4.83 6.50 8.38 10.43 12.63

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SPAIN

The Financial Times proposes to publish this survey on:

13th February 1989

For a full editorial synopsis and advertisement details, please telephone:

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FINANCIAL TIMES

The European Traded Options table was not available for this edition.

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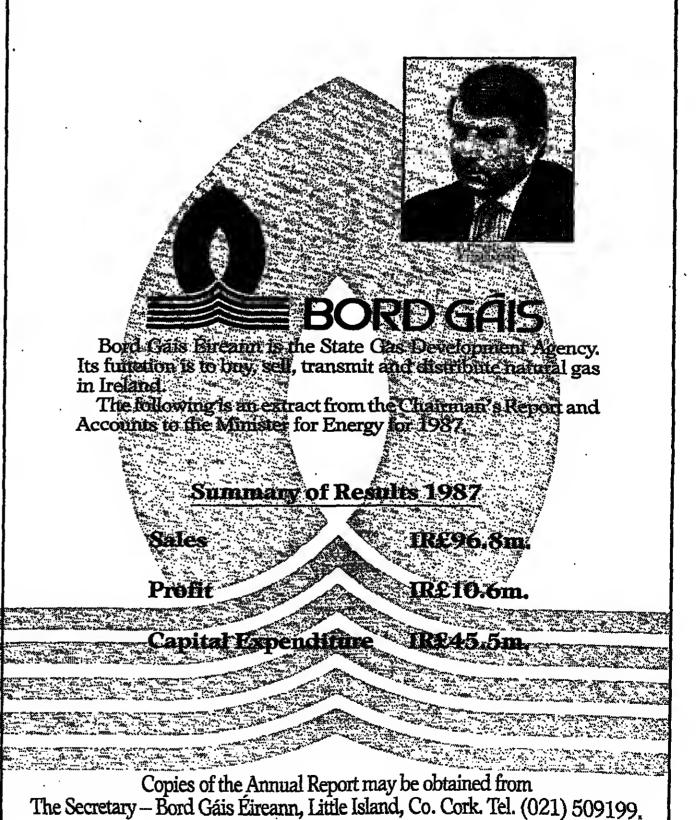
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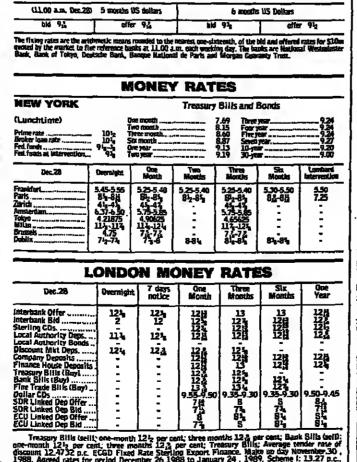
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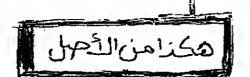
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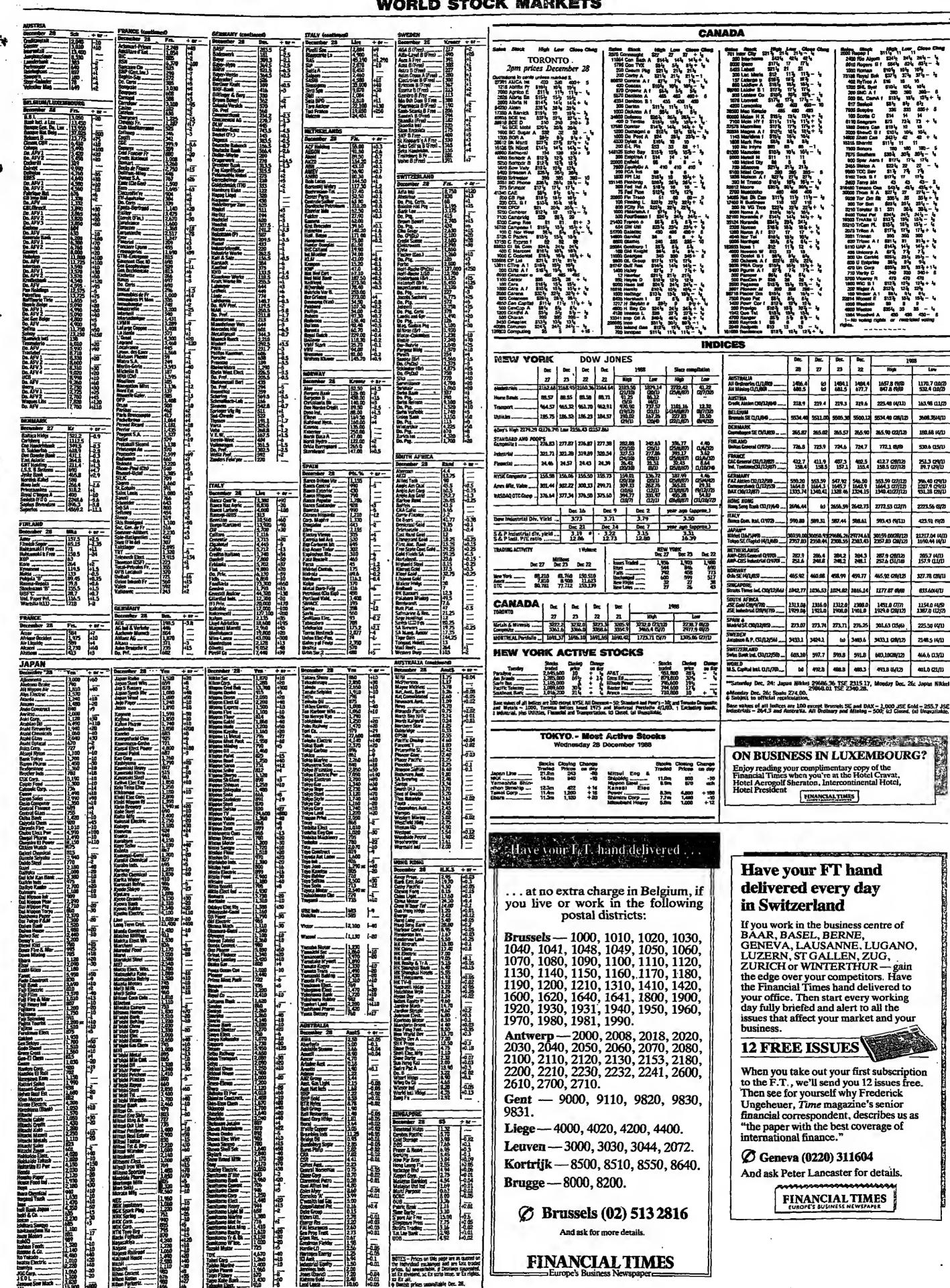
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WORLD STOCK MARKETS



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FINANCIAL TIMES

AMERICA

Holiday torpor restricts price changes and volume

Wall Street

HOLIDAY TORPOR continued to keep equity price move-ments in a narrow range yesterday, writes Janet Bush in New York.

Industrial Average was quoted 2.5 points lower at 2,160.18 in year distort the Fad Funds low volume of only 66m shares. While little is likely to move this market dramatically one way or the other until normal activity resumes in the New Year, there were various talking points yesterday. The first of these was the

dollar which surged on corpo-rate demand in the Far East overnight and touched a high of DM1.7970 in New York in spite of some modest interven-tion against it by the Bundesbank in Frankfurt.

There were some glimmerings of disagreement on dollar which may provide some vola-tility in the New Year. Mr. Leonhard Gleske, a Bundes-bank director, said in an inter-view yesterday that a dollar rate of DM1.80 would not suit the West German central hank a remark which took some of the shine off dollar buying. For lack of any other significant news, stocks and bonds tended to track movements in the dollar. Both markets started modestly higher in response to the dollar's strength but then moved lower

The second focus for US financial markets continues to be the ontlook for US interest rates. The Treasury bond market slipped, partly under the weight of a Fed Funds rate of At 1pm, the Dow Jones 9% per cent. Although seasonal pressures at this time of rate, there is a general consensus that the US Federal Reservs will tighten monetary policy further in the New Year and push up the discount rate.

Much of yesterday's modest action revolved around chemical stocks after news of the recapitalisation plan by Quantum Chemical which provided for the payment of a special dividend worth \$50 a share. Quantum's share price jumped \$17% to be quoted at \$106% at

Midsession.

Among other chemicals,
Dow Chemical added \$1% to
\$86, Georgia Gulf jumped \$3%
to \$74% and Vista Chemical
gained \$1% to \$48%. Pennwalt,
however, dropped \$% to \$103%
after the company said that the \$100 a share takeover offer from Centaur Partners was completely unacceptable.
Whittaker gained \$3% to

\$50%. The company recently rejected a takeover offer of \$47.50 a share from Caiola Associates but has said that it is now considering indications of interest from third parties. Prime Computer recovered from a loss of \$% to stand \$%

The company said it would take a charge of \$40m to \$45m in the fourth quarter related to reorganisation plans.

On the American Stock Exchange, Champion Products added \$2% to \$55% after the company rejected a \$55 a share huy-out offer from a group aded by Walsh, Greenwood. Among blue chips, Interna-tional Business Machines dropped \$% to \$122%, Merck added \$% to \$56%, Procter & Gamhle was unchanged at \$86 and American Telephone & Telegraph was steady at \$28%.

WEAK gold prices pushed gold mining stocks lower as Toronto declined at midsesion. Gold was down \$5 at \$415.90 per ounce in New York on a firmer US dollar and lower silver prices. The composite index fell 7.05

3,354.55 on light volume of 4.4m shares. Among gold miners, Placer Dome fell C\$¼ to C\$15½, Corona C\$¼ to C\$7¼ and American Barrick C\$1/2 to

Among base metal miners, Noranda lost C3% to C\$23% as it said it would no longer use the European Producer Price to set prices on zinc metal and concentrate. Among other miners, Inco fell C\$1% to C\$30%, and Falconbridge C\$% to

Profits taken after bourses reach new peaks

trains for Spain.

ZURICH followed the dollar

upward - helped also by the record close in Tokyo - and the Crédit Suisse index added

2.1 to 521.8. The dollar overtook

the SFr1.50 level to stand

SFr1.5185 in late trading, up

IT WAS another quiet day for European bourses yesterday as volumes remained thin and share prices moved only slightly overall, writes Our Markets Staff. One bored sales person in London said: "I just wish I had a reclining button

on my chair."
PARIS climbed to a new high for the year in early trad-ing but succumbed to profittaking late in the session

The CAC General index rose to a record for 1988 of 412.7, up 0.8, and the OMF 50 index edged up 0.17 to 428.68. Alsthom saw heavy demand again in response to its win-ning the bulk of a Spanish con-

tract for a high-speed train sys-tem. The stock rose FFr3.90 to FFr413.90 with 50,700 shares

Civil engineering group Dumez climbed FFr26 to FFr767, with a strong 40,520

GOLD share prices closed mixed to marginally easter in light year-end trading, as the bullion price drifted around slightly lower levels.

Randfontein shed R2 to

R244.5 and Driefontein 40 cents to R38.60 but Vaal Reefs

firmed R1 to R264. Among mining financials Anglos fell 75 cents to R60.50 while Rus-

tenburg Platinum slipped 50 cents to R47.

Other minings were hardly changed in directionless trad-

SOUTH AFRICA

midday the FAZ index was 3.39 lower at 550.20.

Thoss hine-chip stocks which henefited most from Tuesday's strong gains bore the brunt of the selling. Among anto issues BMW dropped DM6.50 to DM521.50,

shares changing hands, on news that it had boosted its

stake in GTM-Entrepose to 37% per cent from 31% per cent. Food group BSN fell FFr130 to

FRANKFURT saw profit-tak-ing in a thin market end three

Siemens slipped 70pfg to DM521.80 despite winning a contract to hulld 15 locomotive

consecutive days of gains. With most private and institutional Bnt volumes were thin again, and features few. Nestlé continued higher in some of investors on holiday trading was restricted to market professionals and turnover was very low at DML6bn worth of shares. The DAX index closed the session's most active trad-ing, with its registered shares rising SFr160 to SFr6,170 6.67 weaker at 1,333.74 while at

11/2 centimes.

MILAN closed firmer but off the early morning highs as most investors stayed at home. Worries about a general strike in protest against the tax rises in the new budget approved by the cabinet on Tuesday failed to unsettle the market.

The Comit index added 1.49 to 590.80 on very light turn-over. Fiat rose before next week's launch of its sponsored

AMSTERDAM drew strength from London's rise and the firmer dollar to reach a new year high at midday of 106.4 before profit-taking cut into gains in late trading. "As the Dutch would say - the market looks fairly friendly," said one

London trader. The CBS all-share index closed just 0.1 firmer at 106.2, another new high for the year. Airplane maker Fokker rose 30 cents to Fl 27.90 on news that it was negotiating to seil planes to Indonesian airlíne Garuda

BRUSSELS shares closed firmer across the board in thin trading, boosted by "window dressing" by investors wanting to maximise portfolio values at year-end.

Tourism group Wagons-Lits, reporting a 21 per cent rise in turnover for the first nine

months, put on BFr120 to BFr7.320. Shares in Société Générale subsidiaries FN and Générale subsidiantes III and Gechem also rose. Light arms maker FN gained BFr6 to BFr676 in spite of news the company had priced an issue of privileged new shares significantly lower at BFr500. MADRID drifted lower again

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Special to the

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although arbitrage trade in Telefonica and Endesa helped restrict the losses. The general index eased 0.27 to 273.07. Telefonica rose 2.25 points to 175.25 per cent of par and utility Endesa climbed 2.20 to 202. Both have New York listings.
STOCKHOLM closed higher in fairly active trading. The general index closed at 1.013.3 up 5.1 from Tuesday. Total hunguer was higher than the

turnover was higher than the previous day at SKr268m.
OSLO reached another 1988 high with the stock exchange index rising 5.84 to 460.08.

Nikkei ends 1988 with record high of living in certain regions and

Tokyo

unchanged

ENCOURAGED by the promising outlook for the new year, investors continued their selective buying to lift the Nikkei average to yet another new high and close the last session

of 1988 on an extremely posi-tive note, writes Michiyo Naka-moto in Tokyo.

Share prices finished the half-day session broadly higher with the Nikkei average up 108.07 to 30,159.00 after rising to a high of 30,267.36. Even the day's low was above the much talked about 30,000 mark at 30,073.77. Advancing issues led those that declined by 487 to 382 while 196 issues were

Turnover, which has been weak for the past few sessions with 723.74m traded on Tuesday, was still modest at 451.74m for the half day. The Topix index of all listed shares advanced 6.59 to a record 2,357.03

As on Tuesday, interest eemed to have shifted to the new year with investors anticipating the themes likely to feature in 1989. Changes such as the elimination of commodities taxes, the introduction of a new consumption tax, the of its merger with Yamashita-efforts to improve the quality Shinnihon Steamship (YSS)

steps to improve the country's infrastructure are expected to

affect the market. The sectors which featured throughout this year - rang-ing from construction and property development to retail and leisure services - are expected to remain important attractions in 1989.

Among properties, Mitsui Real Estate, popular for its involvement in property devel-opment and leisure-related businesses, rose Y50 to Y2,900. Mitsubishi Real Estate, also known for its skills as a developer and favoured for its involvement in the development of Tokyo's Marunouchi business district, added Y40 to

Regional utilities were widely selected as being sub-stantially cheaper than the city utilities such as Tokyo Electric Power, Toboku Electric Power increased Y140 to Y4,140 while Chubn Electric Powsr advanced Y100 to Y4,590. Tokyo Electric Power also staged a strong performance, rising Y190 to Y7,050. Kansai Electric Power gained Y180 to Y8,304 in heavy trading.

Japan Line, which has been falling since the announcement Y140 to Y5,100.

and the subsequent 80 per cent reduction in capital, fell the maximum allowable amount in a single session for the fourth consecutive day.

Japan Line was the most heavily traded issue at 21.9m shares and closed down Y80 at Y243. However, YSS which was third in volume terms at over 12m shares, gained Y14 to

Large capital steels and ship-buildings were mixed yester-day. NKK, sscond most actively traded at 14m shares, declined Y10 to Y940. Nippon Steel was unchanged at Y870 but Mitsublshi Heavy closed up Y12 at Y1,000. Mr Shigeru Aklba, head of Japanese equity trading at UBS Phillips and Drew International. believes Drew International, believes interest is likely to return to large volume issues because stocks linked to consumer spending or the leisure industry are not large enough to

absorb the huge money supply of institutional investors. In Osaka investors focused on domestic demand-related issues, and the OSE average rose 62.82 to 27,933.61. Volume for the half day was fair at 41.2m shares compared with 60m on Tuesday. One Pharmaceutical featured with a rise of Roundup

TRADING remained quiet in the Asia Pacific markets with many institutions staying away during the Christmas holiday.

AUSTRALIA was hit by the

same Christmas-period calm which descended on most overseas markets, and only local institutional huying kept shares ahead. At the close the All Ordinaries index was up 2.3 at 1,486.4 on very light turn-

Bank stocks attracted most of the attention as Westpac buoyed by heavy options trading - led the sector higher with a rise of 10 cents to A\$5.54 while National Australia added 6 cents to A\$6.26. HONG KONG was equally quiet, but demand for quality

hlue-chips, properties and banks helped shares close higher in thin trading. The Hang Seng index ended up 39.85 at 2,696.44 on turnover worth HK\$52m.

SINGAPORE maintained its recent run of gains to close firmer on the back of Tokyo's new high. Singapore blue-chips and low-priced stocks were most in demand, and the Straits Times industrial index rose 6.24 to 1,042.77.

Cross-border approach wins fans

Alison Maitland on the moves toward sectoral analysis in Europe

DOPTING a top-down or a sideways approach sounds like something more appropriate in an aerobics class than European stock

markets. Yet the question has been exercising the minds of strategists on many of Loudon's leading European desks in 1988 as they widen their focus from individual countries to an anal-

ysis of industries This move into cross-border research has been given urgency by the imminence of the single European market in 1992, although that has not

been the main driving force. County NatWest WoodMac, the securities arm of the National Westminster Bank, has introduced five specialists this year to study the chemi-cals, insurance, banking, motor and electronics industries across Europe. It previously had only country analysts for Europe, of whom there are six in London and two in Paris. In sectors such as drinks, trans-portation and oils where there s no specific European expert. the department - like its counterparts in other houses calls on its UK market col-

leagues.
Mr Adrian Hopkinson, head
of European sales, says the
international nature and technical complexity of the indus-tries concerned made specialisation a necessity. "If you're following just one company in isolation you can't really feel who's winning, and the whole idea of winners and losers is

terribly current at the moment." In the run-up to 1992, It is increasingly important to be able to compare, for example, a French chemicals group such as Rhone-Poulenc with a West German one like BASF, or to understand how the Flat, VW and Peugeot motor companies in Italy, West Germany and France are competing for mar-ket share. And the same is true

NATIONAL AND

of the hig telecommunications players like Siemens, Ericsson, Alcatel and Philips,

County finds that institutional investors want to under-stand the complex products and business areas of the com-panies in their core portfolios and that analysts with technical expertise are needed for this job. Similar considerations were

behind this year's decision by James Capel to add banking and insurance to its existing coverage of European electronics, chemicals and pharmaceu-ticals. Mr Angus McNeilage, head of European sales, believes some other industries, such as steel, are well suited to

cross-border analysis. But for the moment any expansion is more likely to come on the country side, where James Capel has 15 analysts. "There is a limited number of sectors where doing cross-border comparisons can actually add value," he argues.

company such as Philips, whose share price is decided as much in London and New York as in Amsterdam. But in most cases the differences between European markets remain crucial. A company might look cheap on an international com-parison, says Mr McNeilage, "but if the (domestic) economic policy is wrong or if a turnover tax is introduced, then a country analyst will pick that up

before a sector specialist."
There are also sectors, such as retailing, where domestic demand and national culture can play the main role in determining share price. Hypermarkets, for example, are a much more important feature in France than in West Germany,

where there are strict controls on out-of-town retail develop-

For Barclays de Zoete Wedd,

cialists, the diversity of European markets is also a barrier to further cross-border cover-

Mr Nyren Scott-Malden, head of European research, says: "Until there is a single European stock market, there will continue to be national differences in accounting and in the underlying way that investors look at stocks. One has to have experts in those particular markets to understand those particular foibles."

BZW has covered the chemicals and pharmaceuticals industry on a Europe-wide basis for a couple of years and has this year added specialists in banking and insurance, motors and technology. Mr Scott-Malden believes 1992 could encourage a greater emphasis on sector analysis. But BZW has to be driven by its clients, and at the moment "they still look at things on a

country basis." It might seem surprising that European desks should The industry analyst may that European desks should have the upper hand with a have expanded at all in a year when low turnover in the stock markets has pnt such a squeeze on 5scurities firms. Financial considerations are part of the reason why some

houses are reluctant to expand further. leinwort Benson has one European sector
analyst — for the
insurance industry — and otherwise relies on the individual
specialisations of its 16 country
analysts. The firm has run a tight ship this year - 35 redundancies were announced this month in its equities division. However, Mr Brian Knox, a director and specialist on Scandinavia, says there are at least 12 industries they would like to cover on a more global basis when financial conditions

justify. "This is more popular with the companies, who like to be able to talk to an analyst who

are doing," he says. Kleinwort's efforts this year have instead been directed at asset allocation. It has launched a weekly global strat-egy document advising clients on whether they should have more funds in, say, the US or Japan, West Germany or Finland. "If anything, there's more demand for that than there is for global views of the widget industry," says Mr Knox.

Some people also question whether it is cost-effective to add sector specialists to a country-based team. Mr Hopkinson of County has no doubts: "From a business point of view, it's very efficient. Sometimes you can get whole markets which go to sleep and then the sector analysts . . . can focus their attention across to some other part of Europe."

Other UK houses that have expanded their European sec-tor coverage include SBCI Savory Milln, which has taken on five analysts this year on oils, pharmacenticals, chemi-cals, electricals and foods and plans to add banking and insurance; and Warburg Secu-rities, which has added insur-ance this year to its coverage of banking, chemicals, pharma ceuticals and electronics.

Warburg has also introduced analysis in its main publica-tions of the performance of stocks in some 30 European industries, comparing them with their sectoral counterparts in the US, Japan and the

Mr David Haysey, head of European sales at Warburg, sees the motor, aerospace and defence sectors as possible candidates for future specialisa-tion. But the demand has to make itself felt first. "Client business is not yet organised on transnational sectoral lines. People run European funds or a French portion of a European fund, but not a retailing or a capital goods portion."

5 STRONG MANAGEMENT PERFORMANCE

OUTSTANDING FINANCIAL

DEST RANGE OF VANS AND TRUCKS

PEXTENSIVE DEALER

Leyland DAF

Leyland DAF

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